



LA MONDIALE

La Mondiale **FULL YEAR 2015 EARNINGS**

Update June 2016

Cautionary note

Certain statements contained herein may be forward-looking statements including, but not limited to, statements that are predictions of or indicate future events, trends, plans or objectives.

Undue reliance should not be placed on such statements because, by their nature, they are subject to known and unknown risks and uncertainties and can be affected by other factors that could cause actual results and La Mondiale's plan and objectives to differ materially from those expressed or implied in the forward looking statements.

Please refer to "La Mondiale Rapport Financier 2015" for a description of certain important factors, risks and uncertainties that may affect La Mondiale's business and/or results of operations.

La Mondiale undertakes no obligation to publicly update or revise any of these forward-looking statements, whether to reflect new information, future events or circumstances or otherwise.

Unless otherwise specified, financial statements are calculated in accordance with IFRS as adopted by the European Union. Those relating to the solvency margin are, according to regulatory rules, calculated with current French Gaap standards.



Highlights



➤ On Oct. 19, 2015, Standard & Poor's Ratings Services raised its long-term counterparty credit and financial strength ratings on AG2R Prévoyance, La Mondiale, and Prima -- core entities of French insurance group AG2R LA MONDIALE -- to 'A-' from 'BBB+'. At the same time, they also raised the long-term issue ratings on La Mondiale's subordinated debt to 'BBB' from 'BBB-'. The upgrade reflects their view that further integration between AG2R LA MONDIALE's subgroups, AG2R Prévoyance and La Mondiale, has increased the fungibility of their capital. They also consider that AG2R LA MONDIALE's merger with Protection Institution Réunica provided the group with further solvency buffers, and placed the group in a better position to weather the multiple changes in the French health and protection markets. In addition, S&P consider that a more cautious approach to risk management should help the group's resilience to the negative impact of low interest rates.

➤ AG2R LA MONDIALE and CNP Assurances, two leading personal insurance providers in France, announced in October 2015 that they are in exclusive talks with a view to establishing a partnership in the field of private pensions. The partnership will take the form of a 40% investment by CNP Assurances in Aerial Assurance, a subsidiary of AG2R LA MONDIALE dedicated to company retirement savings. The corporate governance of this joint venture, renamed ARIAL CNP ASSURANCES, will be balanced between both Groups. The objective for the new company is to become the leading company retirement savings provider and enable optimization of resources through economies of scale and pooling of investments.

The 4th of April 2016, AG2R LA MONDIALE and CNP Assurances announced the operational beginning of their partnership which received the approval of the french supervisory authority (ACPR) and French Competition Authority (ADLC).



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La Mondiale long term ratings raised to A-



- The fungibility of capital between AG2R Prévoyance and La Mondiale has improved thanks to an increase in financial solidarity in 2015;
- High likelihood that the combined group, AG2R LA MONDIALE, will be regulated as a prudential group under Solvency 2;
- Integration of Réunica provides the group with further solvency buffers;
- The group's more cautious risk management is helping to build buffers to mitigate the impact of low interest rates (lower appetite for volume growth and strengthened policyholder bonus reserves) ;
- AG2R has begun to reduce the high loss ratios in group protection through portfolio restructuring and prices increases.

A-, outlook stable

On oct 19, 2015 Standard & Poor's raised its long-term counterparty credit and financial strength ratings on AG2R Prévoyance, La Mondiale and Prima, core entities of AG2R LA MONDIALE to A- from BBB+.

The stable outlook indicates S&P expect the group to continue its integration efforts and to maintain consolidated capital adequacy at levels close to the A benchmark



Partnership with CNP assurances

OBJECTIVE :

TO BECOME THE REFERENCE IN GROUP SUPPLEMENTARY PENSION

- *A core business activities for both Groups*
- *Strategic issues, in the context of an aging population*



Two strong and complementary companies



AG2R LA MONDIALE

- **N°3 on the French market Group supplementary pension ***
- **N°1 in life, health and protection insurance**
- 9 millions of French policyholders in savings and supplementary pension
- Partnership with 4,600 companies

- **N°2 on the French market Group supplementary pension ****
- **N°1 in welfare protection groups**
- **N°1 in mandatory occupational pension (Agirc and Arrco)**
- A quarter of these pension are paid via AG2R LA MONDIALE

ARIAL CNP ASSURANCES is destined to manage :

- ✓ the additional pension of nearly 20,000 companies
- ✓ about € 12 bn of technical provisions in supplementary pension



All datas in 2014

* France

** Source : argus de l'assurance

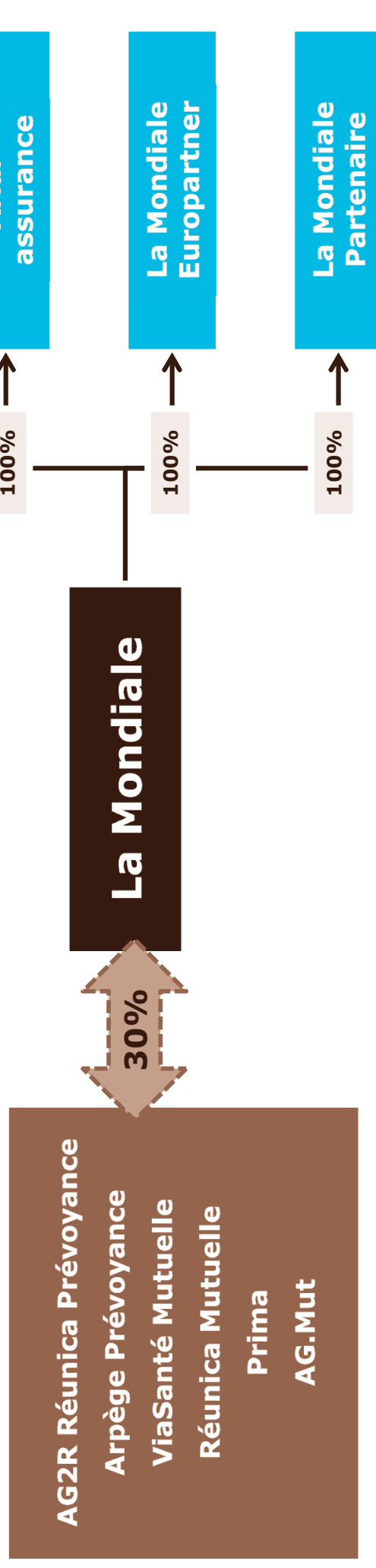
KEY FIGURES



La Mondiale: Company overview

- Founded in 1905
- French Mutual Life Insurance Company
- Strong positions on private wealth management market, Group and Self Employed Retirement Plans
- Multi channel distribution networks
- Long record of sustained growth
- In the capital market since 1989
- Strong risk management and well diversified asset allocation
- La Mondiale and AG2R Réunica Prévoyance are member of a mutual insurance group through a Société de Groupe d'Assurance Mutuelle (Sgam). Within this framework, all members are committed with each others to a financial solidarity (30%).

SGAM AG2R LA MONDIALE



FY 2015 Summary

- ✓ In a low interests rate environment, a driven decline of premiums especially in private wealth management savings for G/A contracts (-17.8%)
- ✓ UL/GA (29%/71%) mix far above the market
- ✓ High net inflows in UL contracts
- ✓ Decrease of equity due to the acquisition of 35% of Aegon's stake in La Mondiale Participations for € 354m.
- ✓ Regulatory Solvency 1 ratio at 256%, which represents an excess of more than € 3.6 billion



FY 2015 Key figures

(1/2)

In € million	FY 2013	FY 2014	FY 2015	FY15 / FY14
Premiums	6,752	7,870	6,790	-13.7%
Net Income	222	260	251	-3.5%
Equity	2,898	3,341	3,114	-6.8%
Gearing Ratio ⁽¹⁾	29.5%	46.2%	51.4%	+5 pts
Technical Provisions	61,411	67,582	72,615	+7.4%
Total Balance Sheet	73,257	85,294	88,724	+4.0%
Solvency I ratio consolidated	250%	280%	256%	-24 pts
Solvency I ratio solo	341%	540%	452%	-88 pts
Number of employees	2,852	2,817	2,848	+1.1%

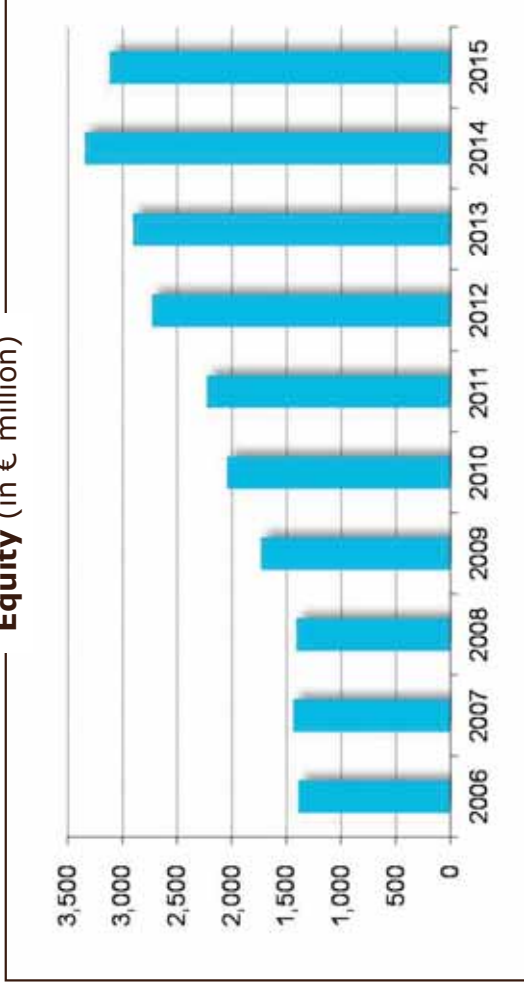
(1) Financing debt / total equity



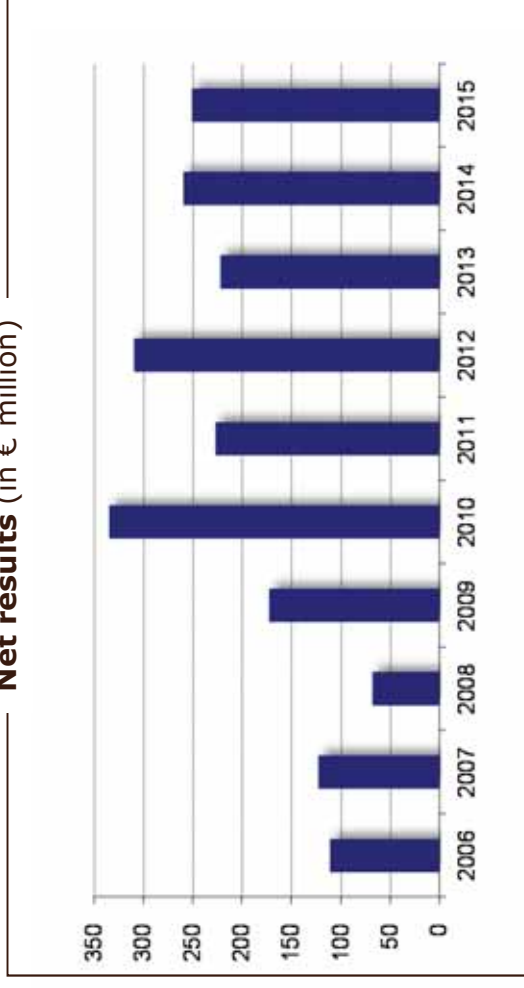
FY 2015 Key figures

(2/2)

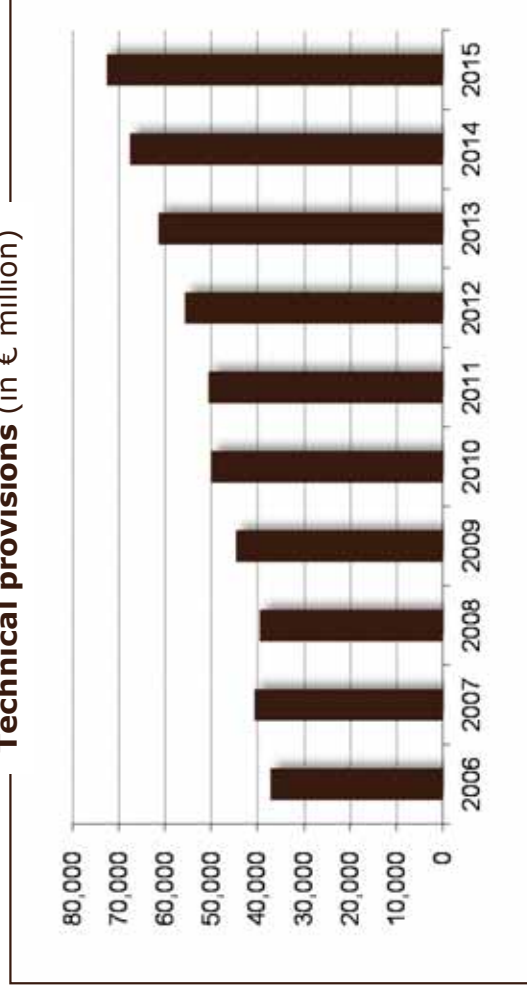
Equity (in € million)



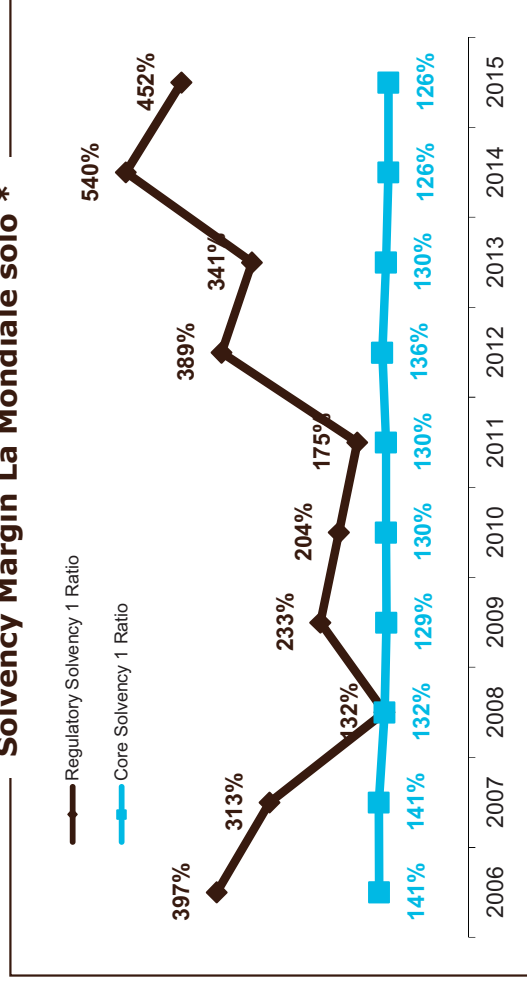
Net results (in € million)



Technical provisions (in € million)



Solvency Margin La Mondiale solo *



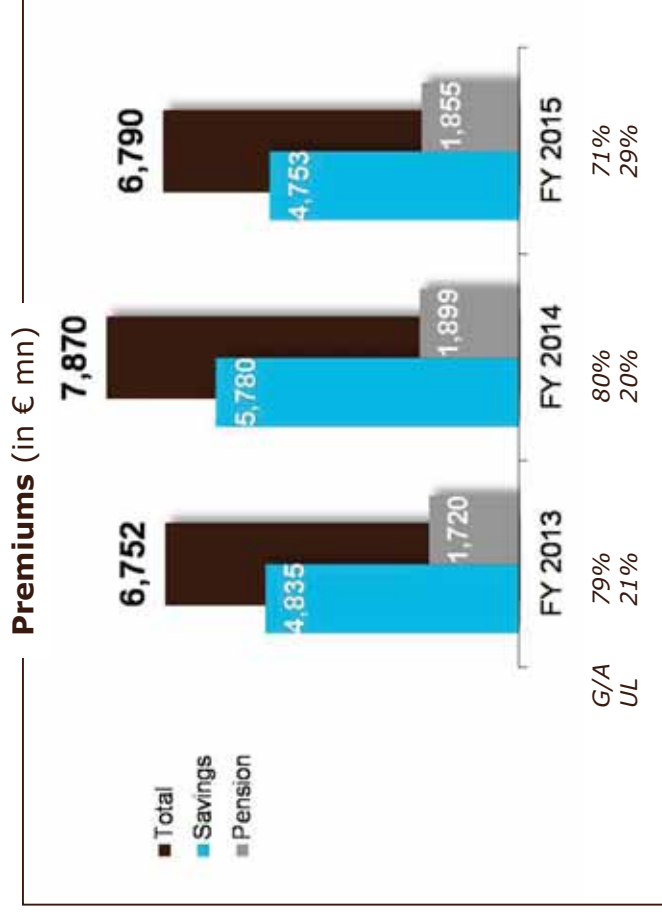
* 2015 Solvency 2 ratios are available page 33



BUSINESS ACTIVITY



Business activity

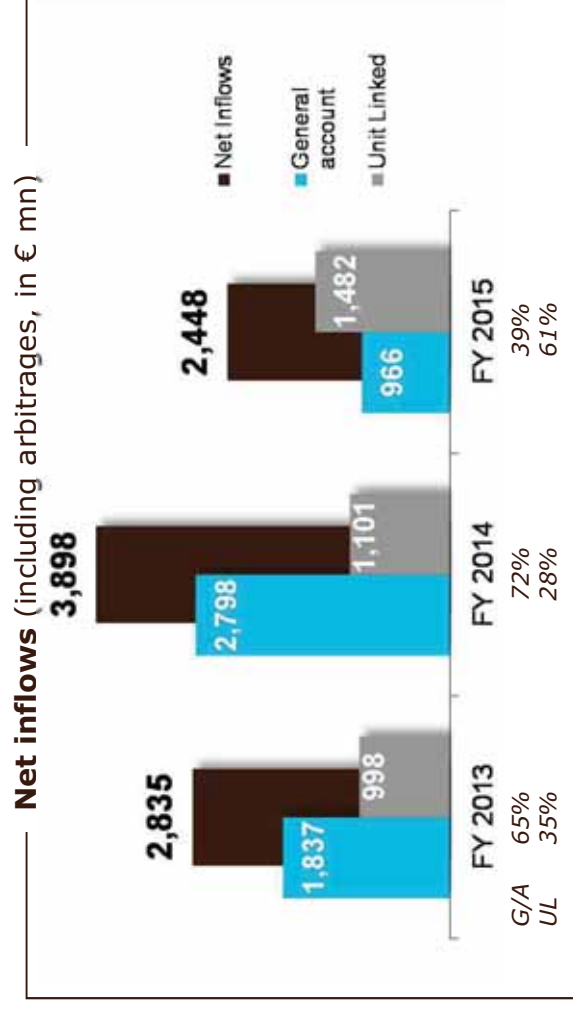
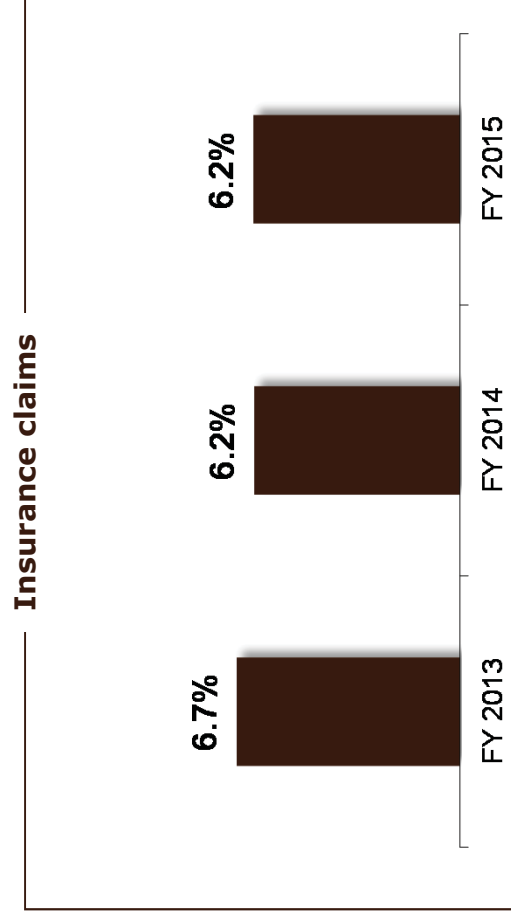


Premiums : -13.7% compared to FY 2014 especially due to :

- a driven decline of G/A savings (-17.8%)
- a strong UL/GA mix (+9 pts compared to 2014)
- a decrease of pensions premiums (-2.3%) due to exceptional effects

Claims : stability of the ratio compared to FY 2014

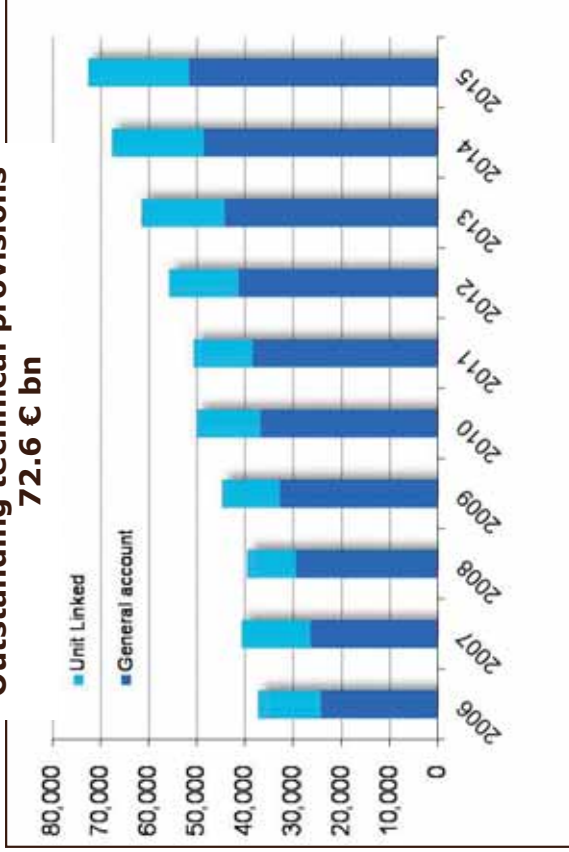
Net inflows : -37% compared to FY 2014 with a good improvement of UL/GA mix



Core businesses' financial structure

Outstanding technical provisions

72.6 € bn



Technical provisions : global growth by +7.4%

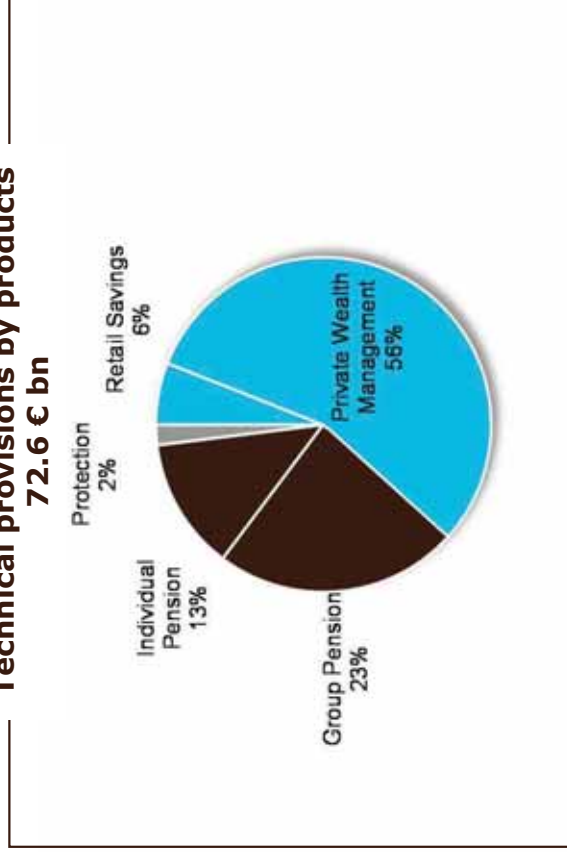
- ✓ General account : +6.3%
- ✓ Unit linked : +10.3%

Outperformance in both general account (market*: +3.0%) and unit linked (market*: +9.0%)

In 2015 UL liabilities represent 29% of total liabilities (compared to 22% for the market*)

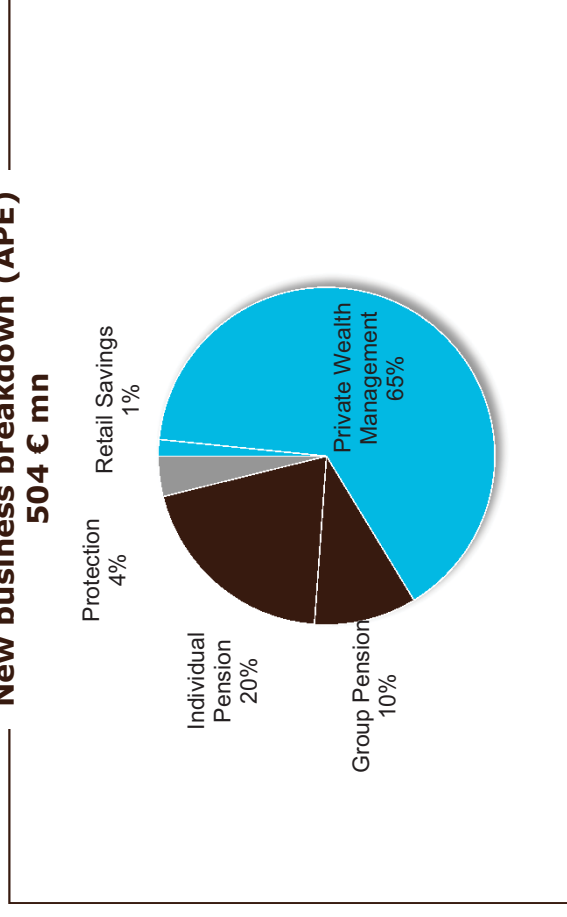
Technical provisions by products

72.6 € bn

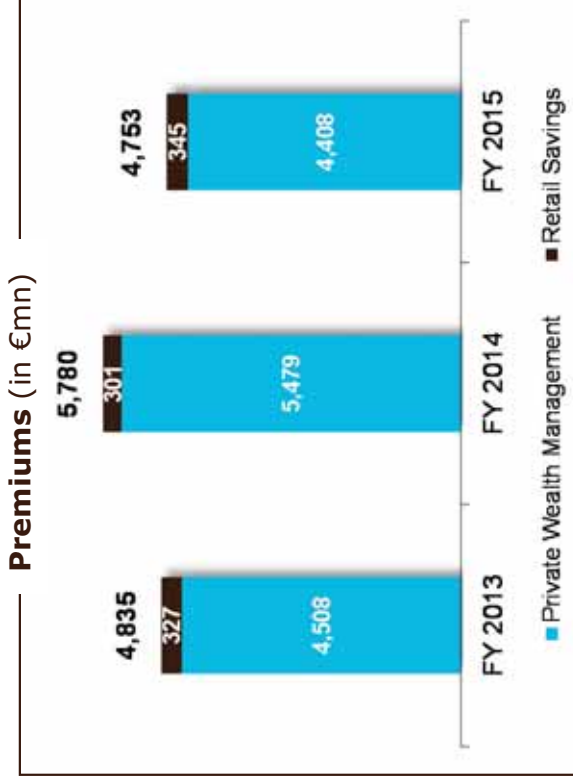


New business breakdown (APE)

504 € mn



Private wealth and retail savings



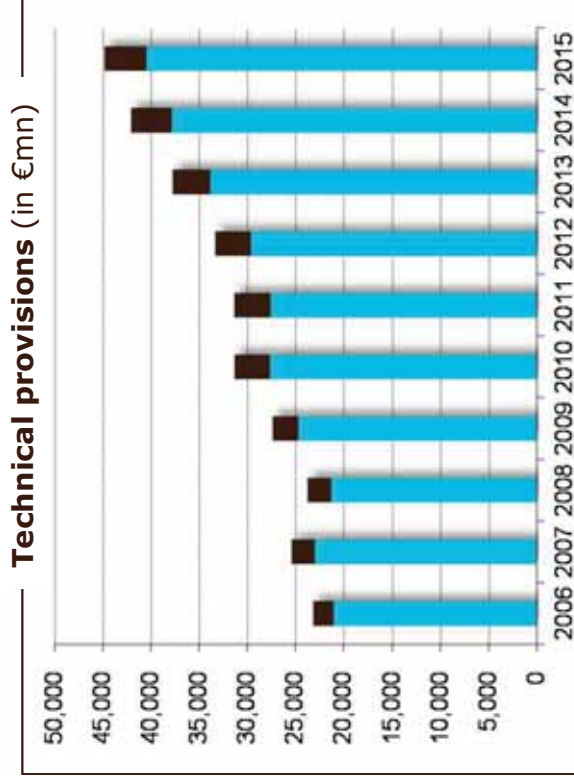
Premiums : growth by -17.8%

- Private wealth management savings : -19.6%
- Retail savings : +14.7%

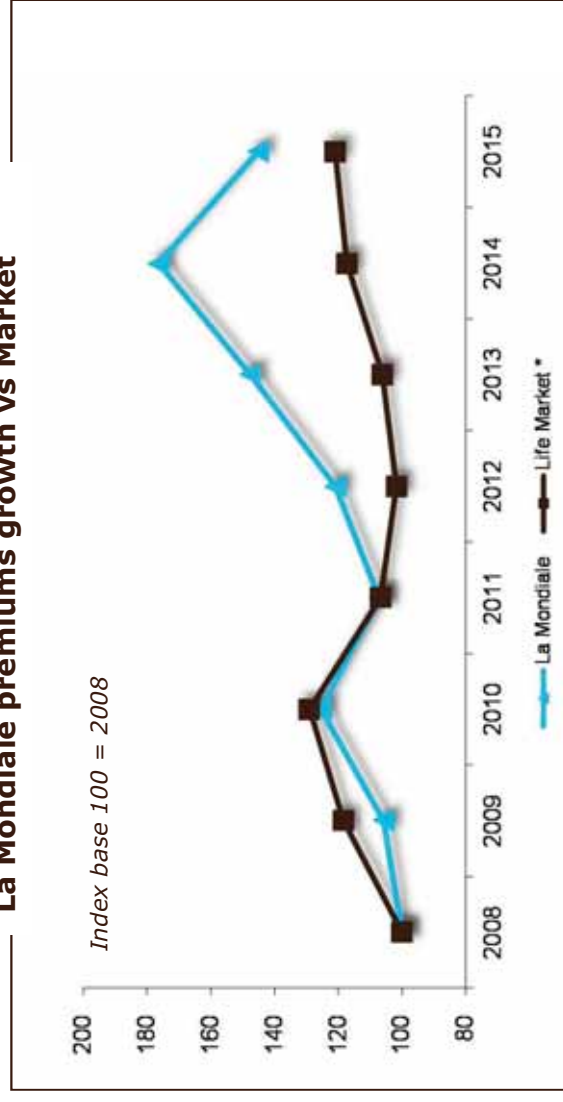
63% through French partnerships, 20% via international partnerships, 8% via brokers and 9% via direct distribution channel

In a low interests rate environment, intentional decrease of premiums especially in private wealth management savings for G/A contracts

Technical provisions : CAGR** of 7.6% since 2006



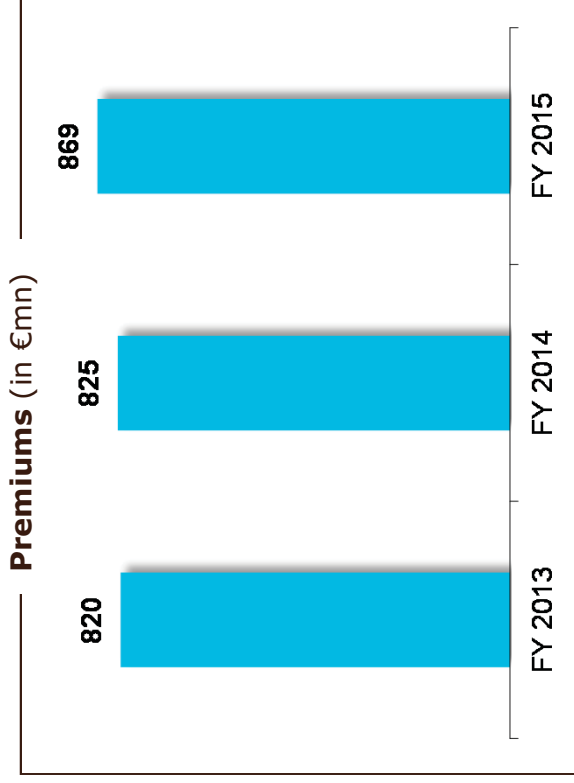
La Mondiale premiums growth vs Market



* France + Luxembourg
 (Source : Fédération Française des Sociétés d'Assurances and
 commissariat aux assurances Luxembourg)

** CAGR : Compound Annual Growth Rate

Individual retirement plans



Premiums :

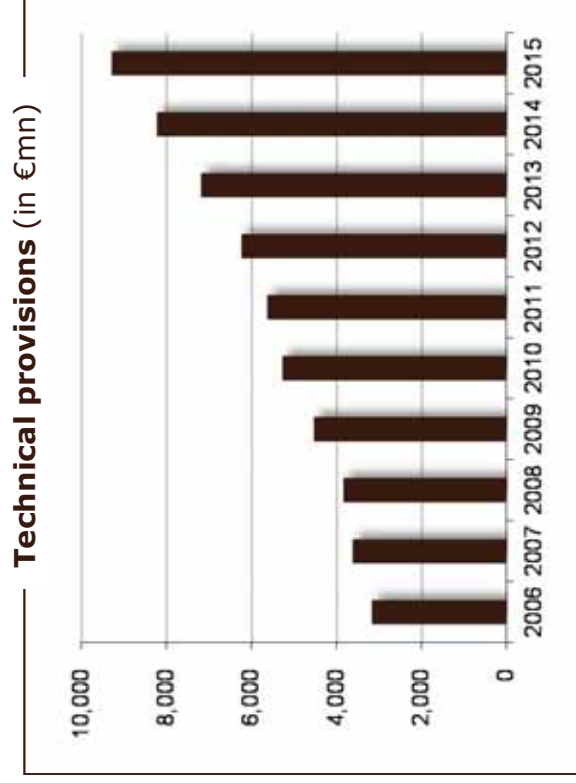
- Growth by +5.2% in 2015
- Compared to estimated + 4.2% for the French market

Technical provisions :

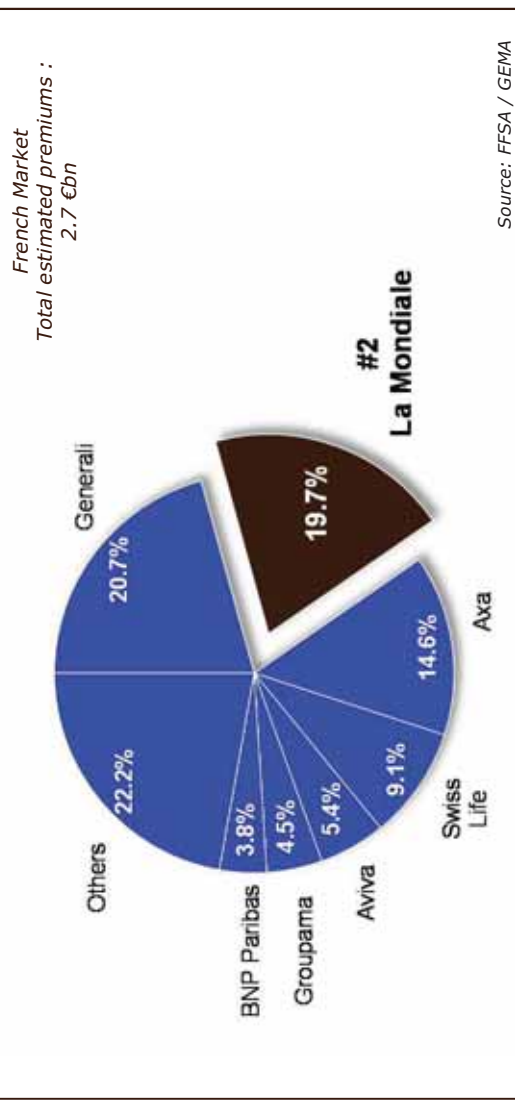
- Increase by +13.0% in 2015
- CAGR of 12.7% since 2006

Market shares :

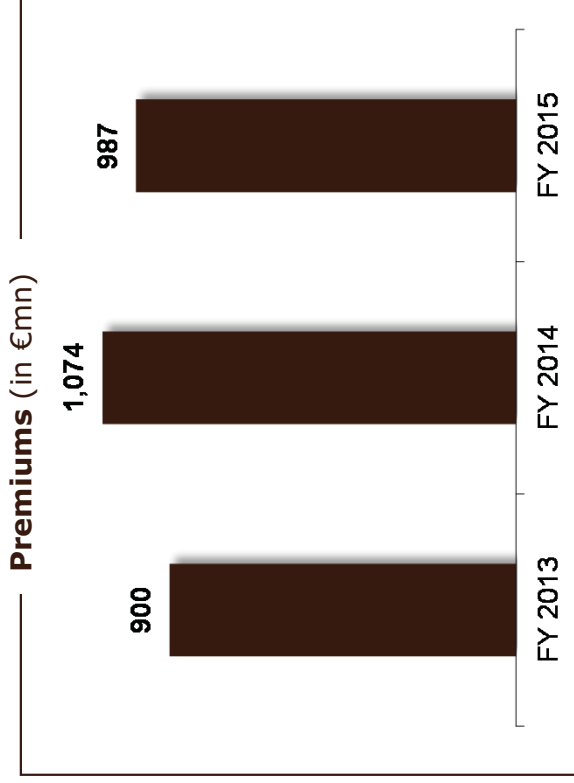
- +0.1pt compared to 2015



Self employed retirement plans market share in 2015



Group supplementary pension

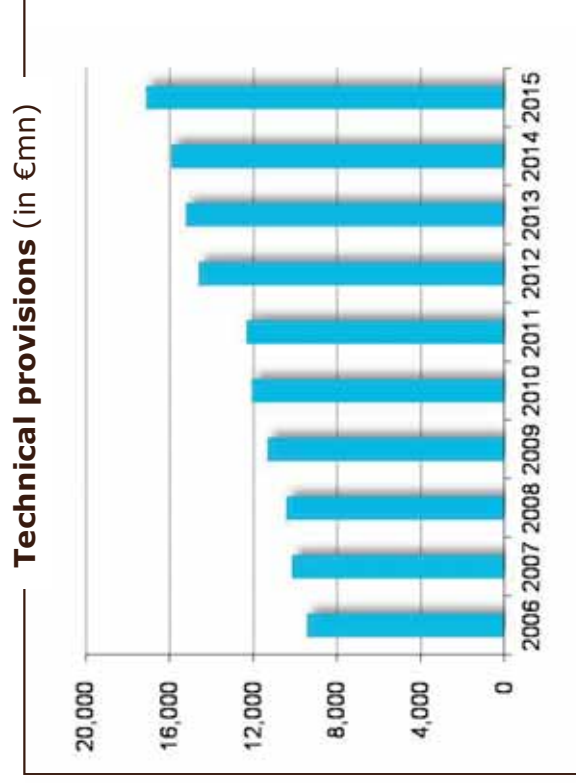


Premiums :

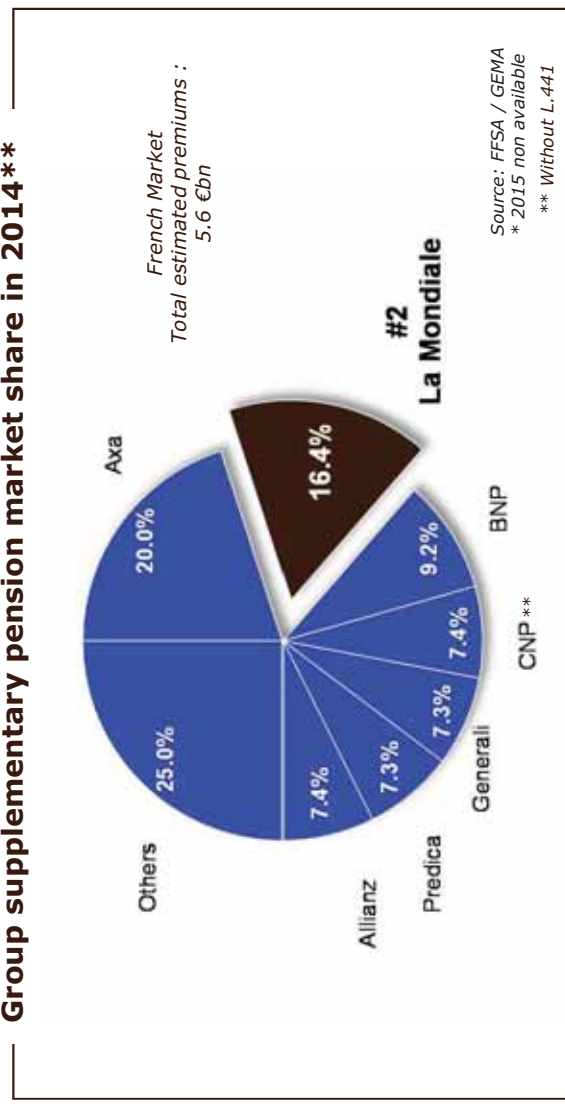
- Decrease by -8.1% in 2015
- +5.1% without exceptional premiums in 2014, especially due to internal reinsurance (€164mn)
- compared to estimated +0.5% for the French market

Technical provisions :

- Increase by +7.7% in 2015
- CAGR by 6.8% since 2006



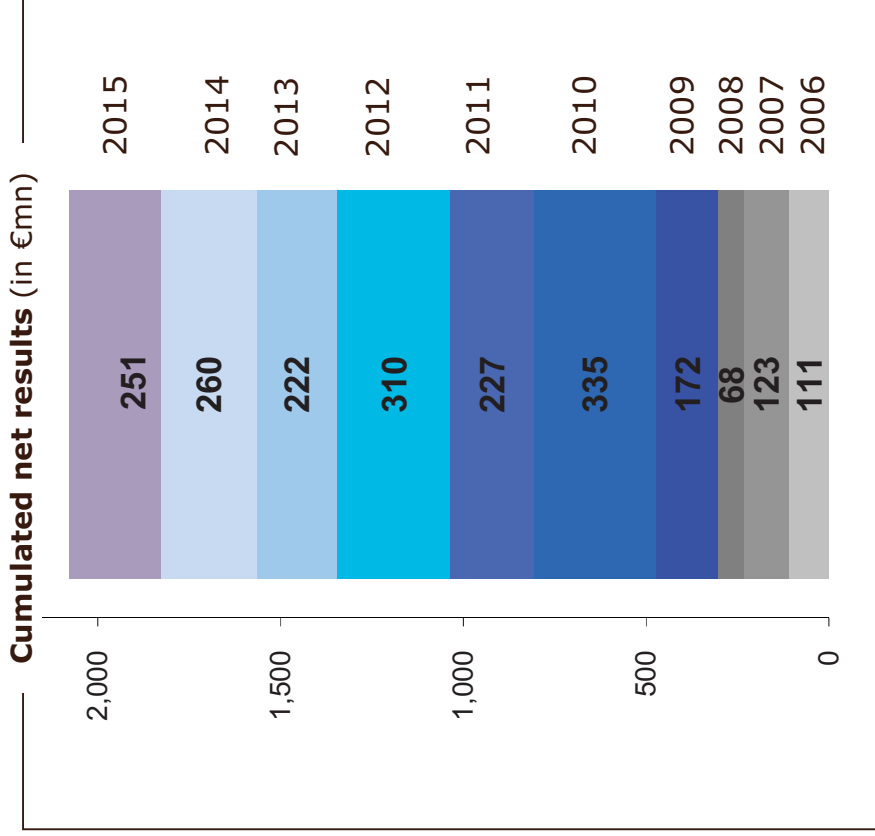
Group supplementary pension market share in 2014**



FINANCIAL PERFORMANCE

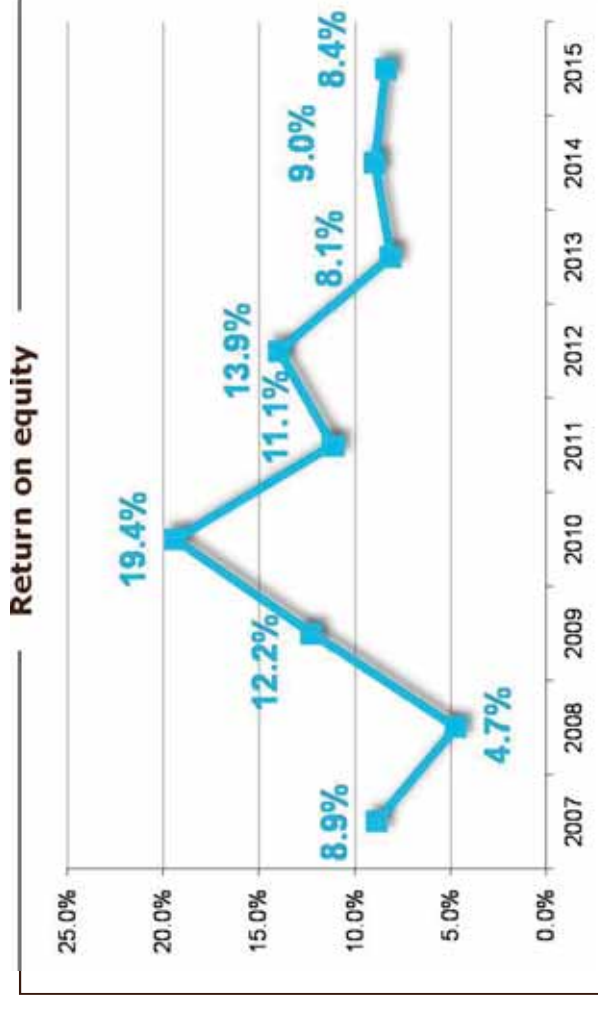


Earnings and profitability



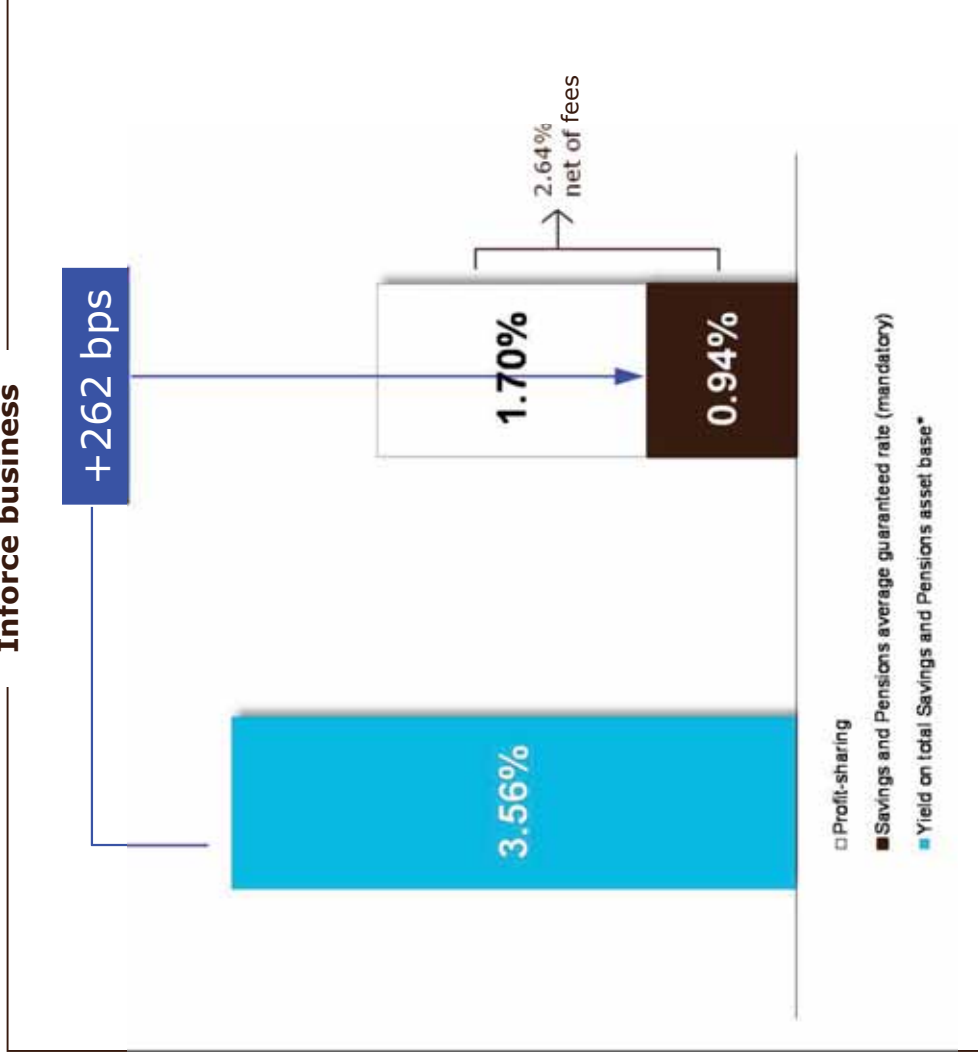
2015 net result : 251 € million

- Stability of the result including an 701 €mn increase of policyholder surplus reserve (vs 151 €mn in 2014)
- Over the average net result of the past 7 years
- Cumulated net results of **2,078 €mn** since 2006, despite two financial crisis

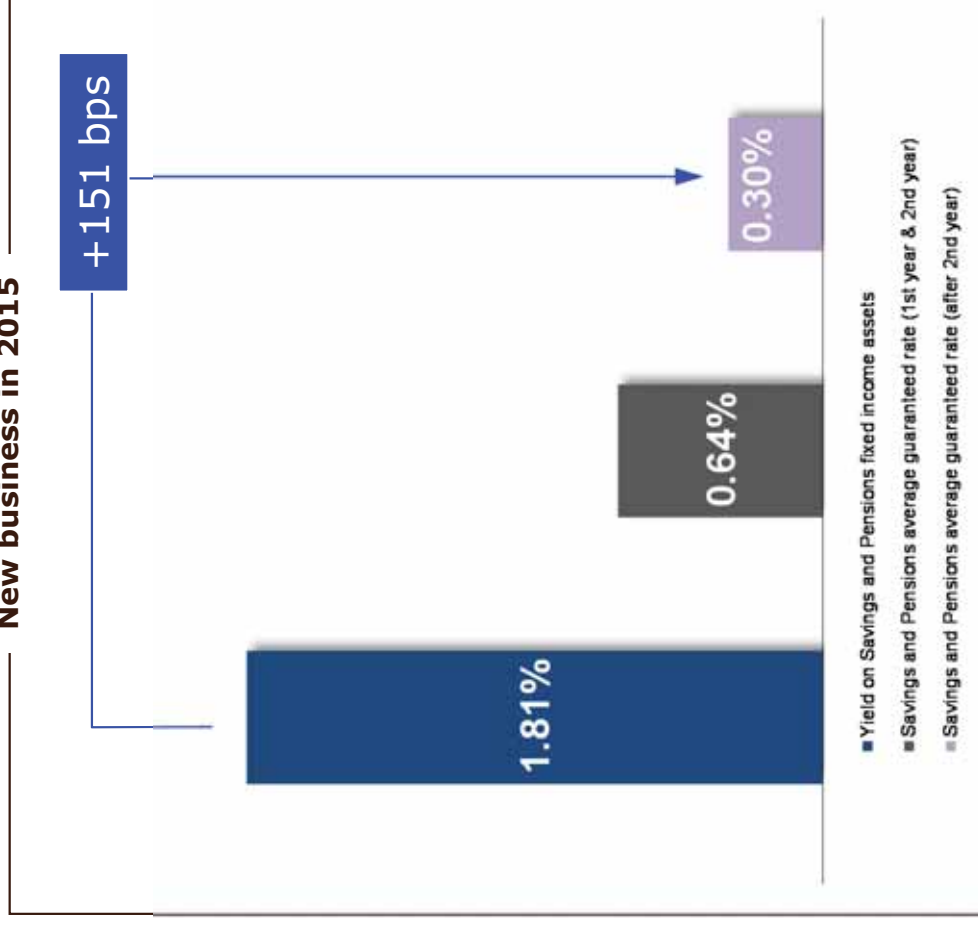


Savings and pensions investment spreads

Inforce business



New business in 2015



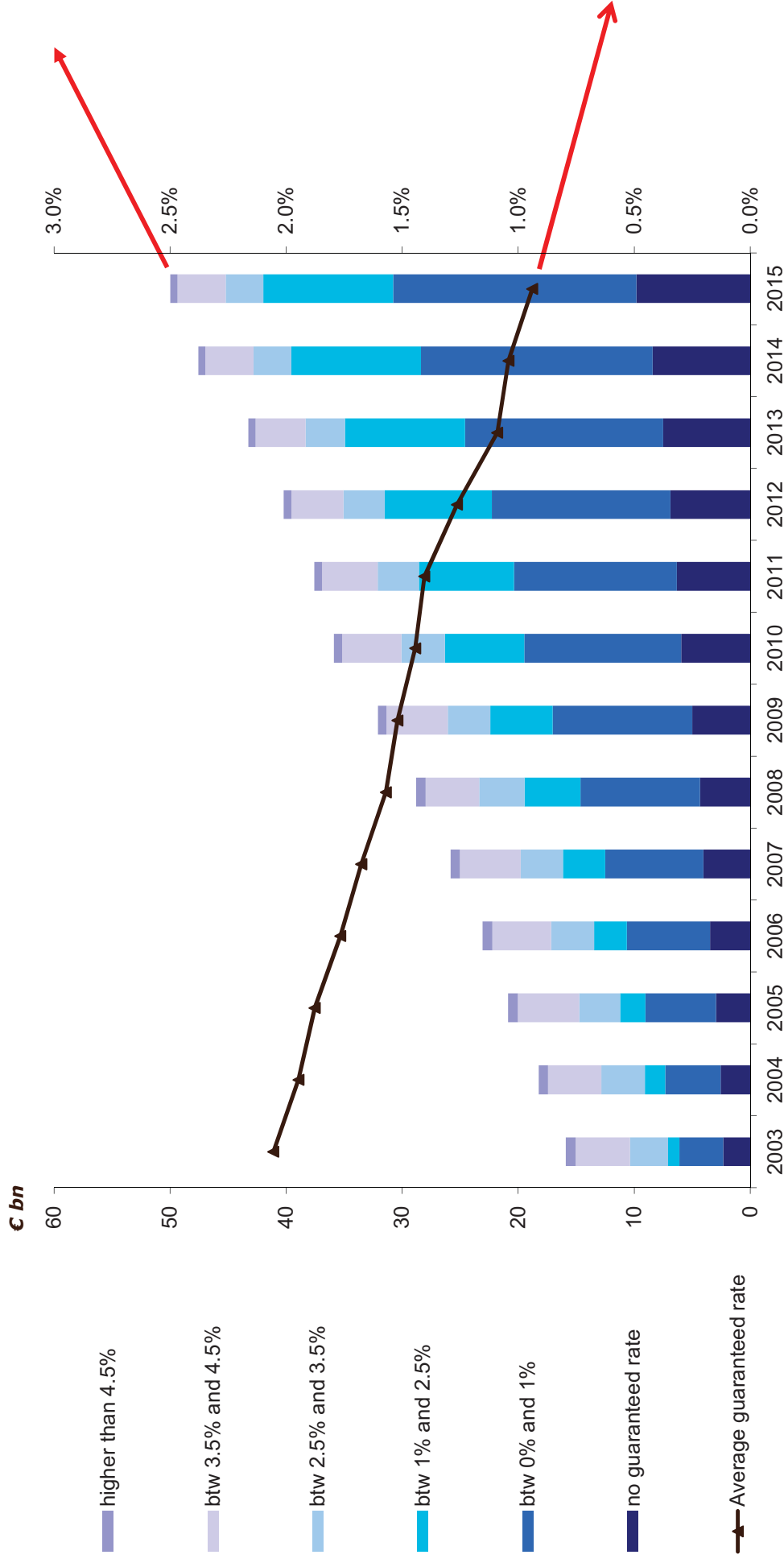
- Buffer of **1.3 €bn** above minimum guaranteed rate

- Average reserves of **50.0 €bn**

Very low long term guaranteed rate, in line with financial market conditions



Low average guaranteed rates



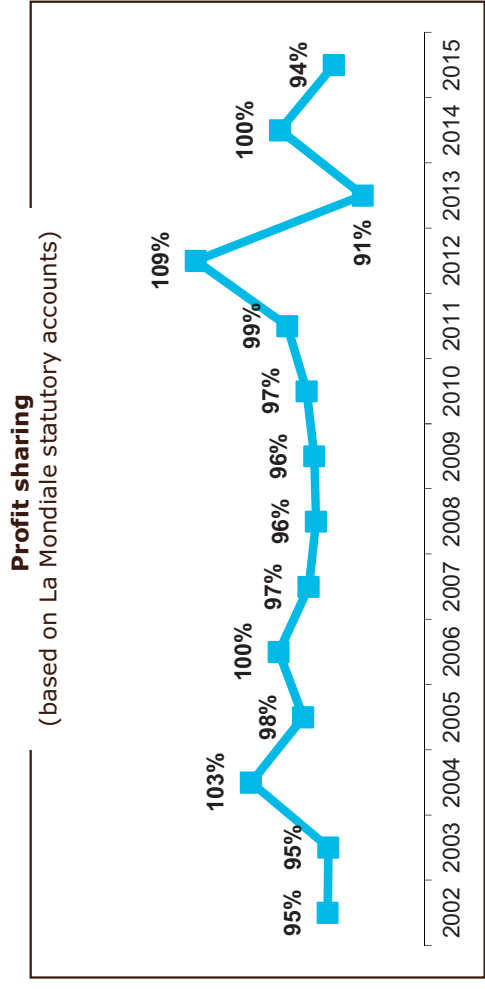
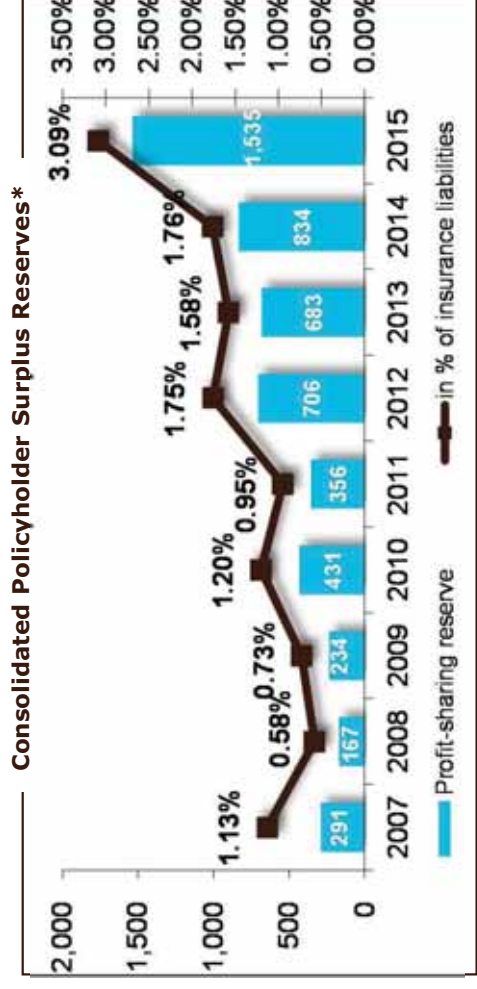
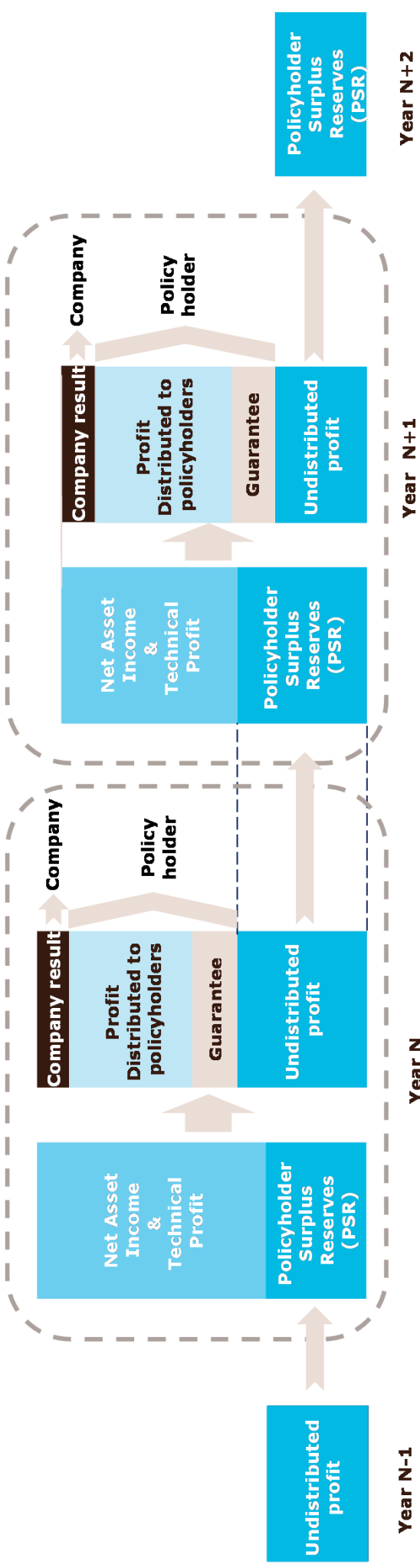
Liabilities with a gross guaranteed rate above 3.5% represent **10% in 2015** compared to 35% in 2003.

The average guaranteed rate decrease from 1.04% in 2014 to **0.94% in 2015**.



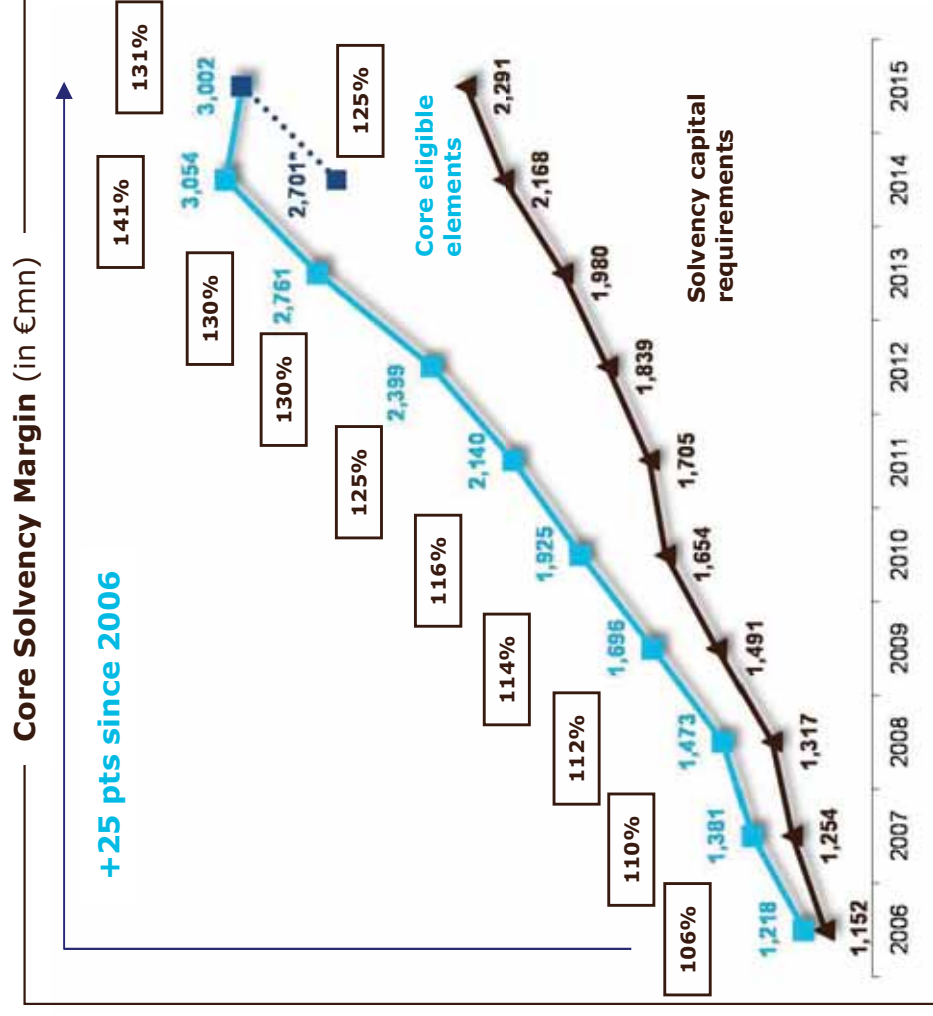
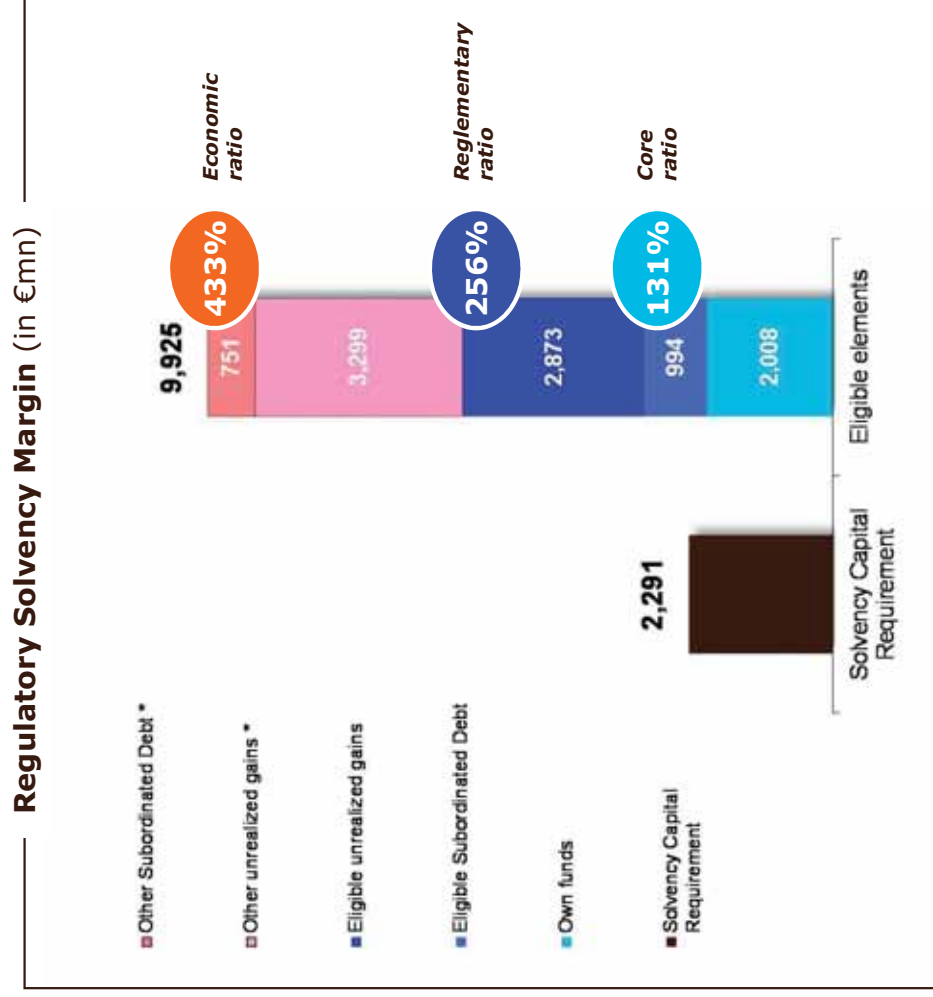
Significant loss absorption mechanism in its life contracts

French life insurance savings have loss absorption mechanism that gives flexibility to manage policyholders yield through the cycle without impacting company profit



* Savings and Pensions surplus reserve

Consolidated Solvency margin



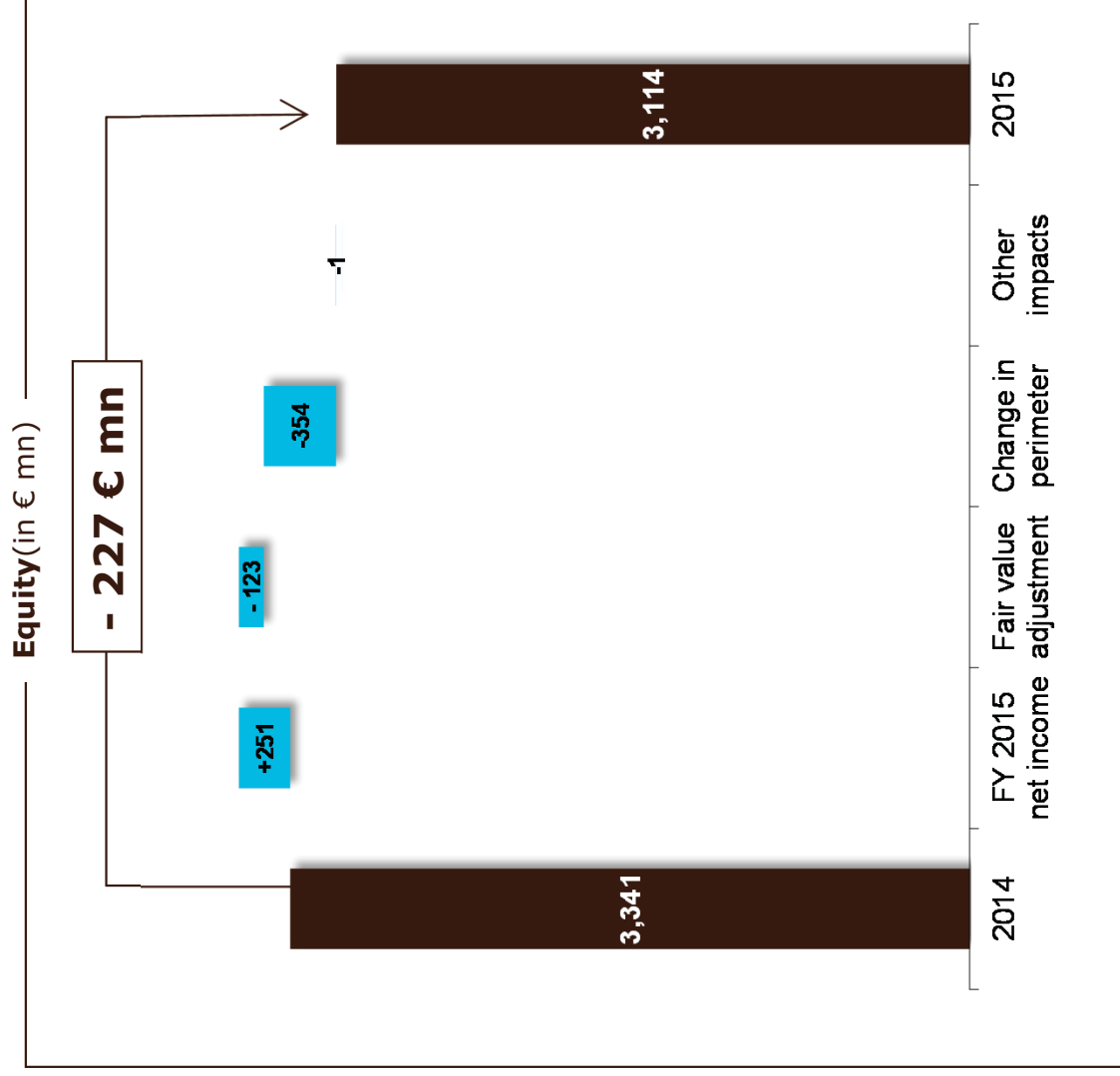
* proforma, including the acquisition of Aegon's stake in La Mondiale Participations

- **Decrease of core S1 margin in 2015** : -10pts including -16pts due to the acquisition of 35% of Aegon's stake in La Mondiale Participations for € 354mn.
- Other Subordinated debt represents €751m vs €746m at the end of 2014. This debt will be eligible following the growth of the Solvency Capital Requirement.
- Core solvency margin has increased by **25 points since 2006 and 15 points for 5 years**.



* Other Subordinated Debt and Other unrealized gains temporary above regulatory ceiling

FY 2015 Equity



Equity : -6.8% compared to FY 2014

HY net result € +251 mn

Fair value adjustment € -123 mn
Due to the increase of long term rates

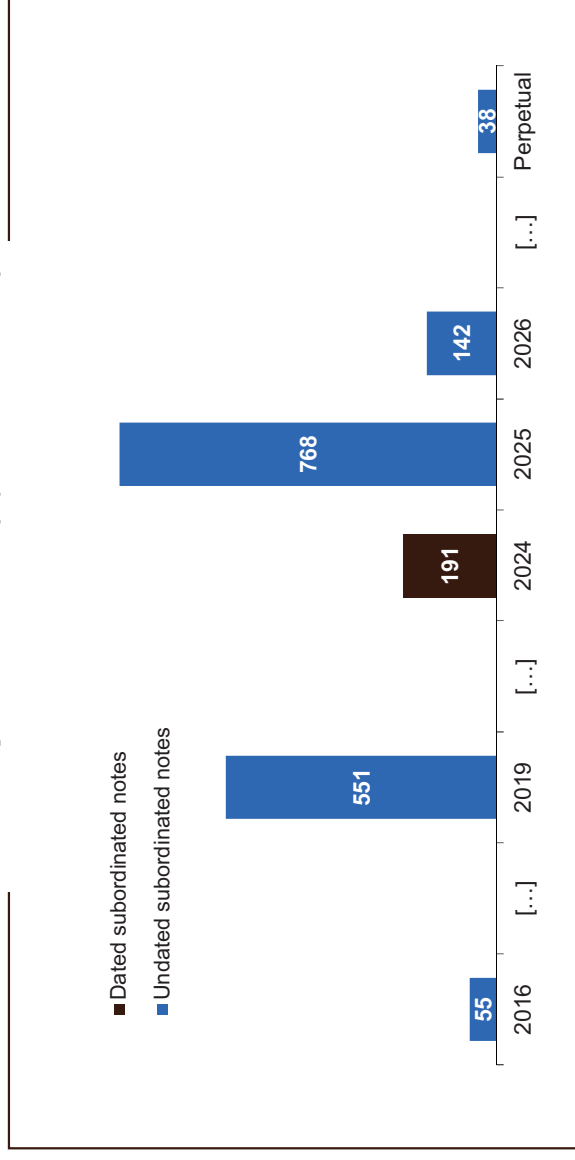
Change in perimeter and other impacts € -355 mn
Mostly due to the acquisition of 35% of Aegon's stake in La Mondiale Participations for € 354m.

The operation has been completed in March 2015 following the granting of approval by the French Competition Authority (Autorité de la Concurrence).



Subordinated redemption profile

Maturity breakdown (by 1st call date*)



Subordinated Financial debt : € 1,745 mn

€ 191 millions of EUR dated debt with a 1st call option in 2024, Tier2 until 2026

€ 551 millions of perpetual debt denominated in USD, with a 1st call option in 2019, restricted T1 until 2026

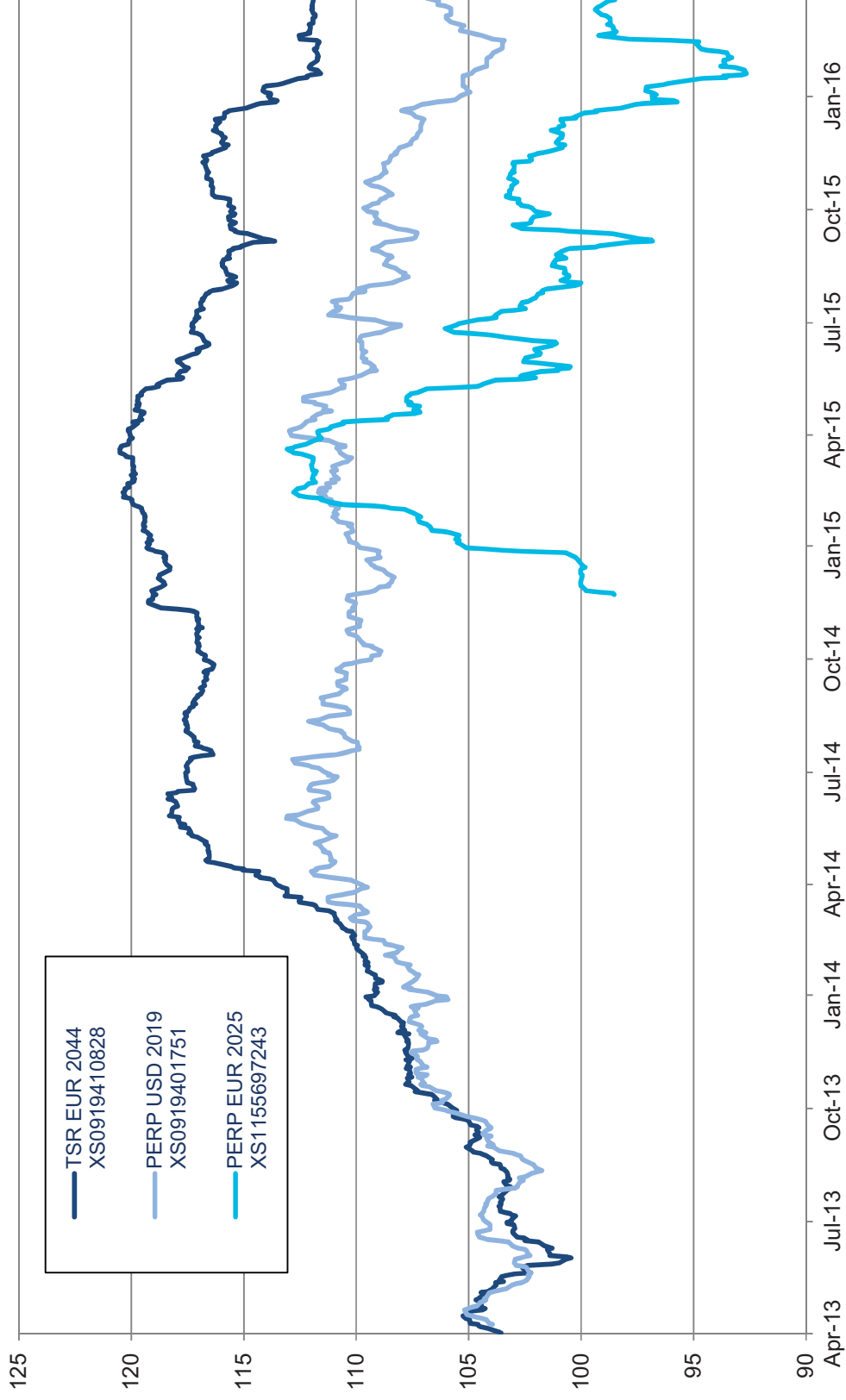
➤ Fully hedged until 2019

€ 768 millions of EUR perpetual debt, with a 1st call option in 2025, restricted Tier1 until 2026, Tier2 after

€ 234 millions of other EUR perpetual debts, mostly outstanding amounts remaining from past liability management operations, Restricted Tier1 until 2026



Robustness of La Mondiale' secondary levels



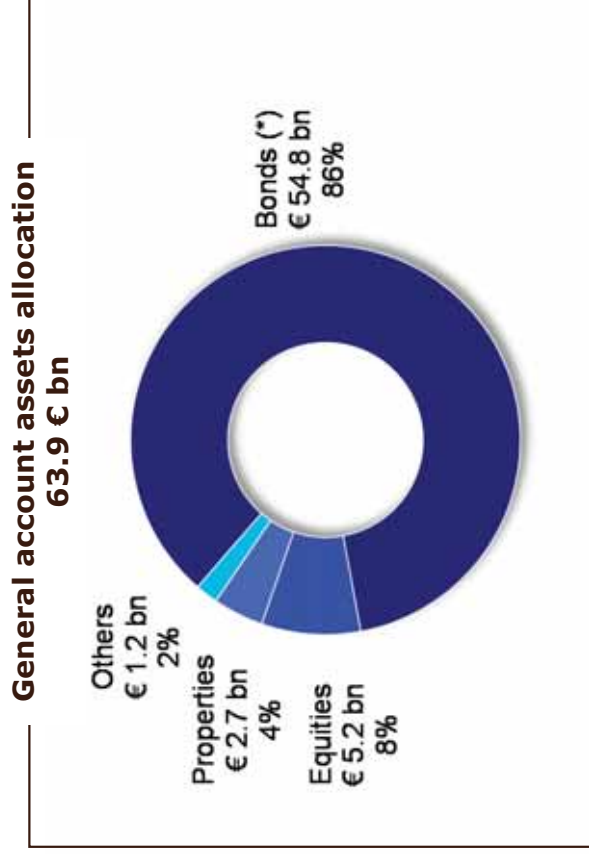
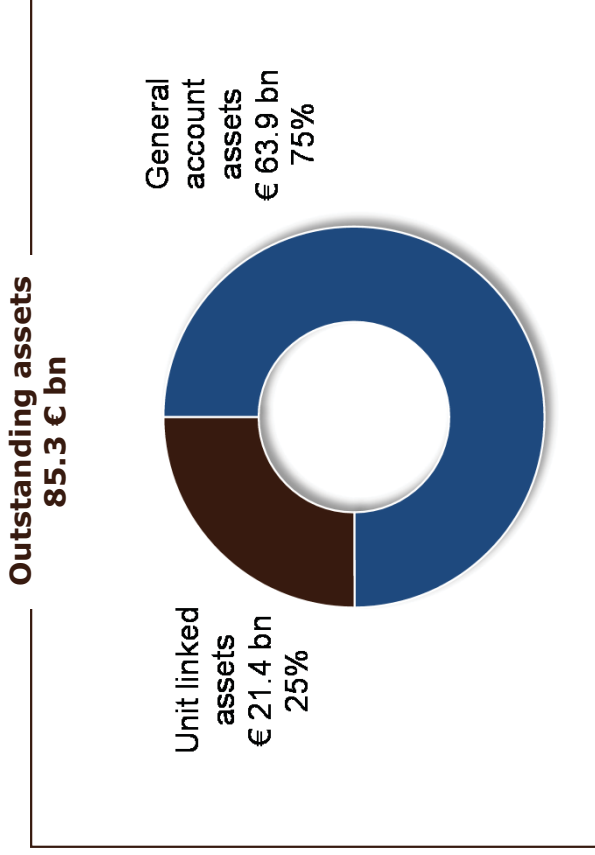
Despite recent adverse conditions, still good performances for recent issuances



INVESTED ASSETS



Diversified asset allocation



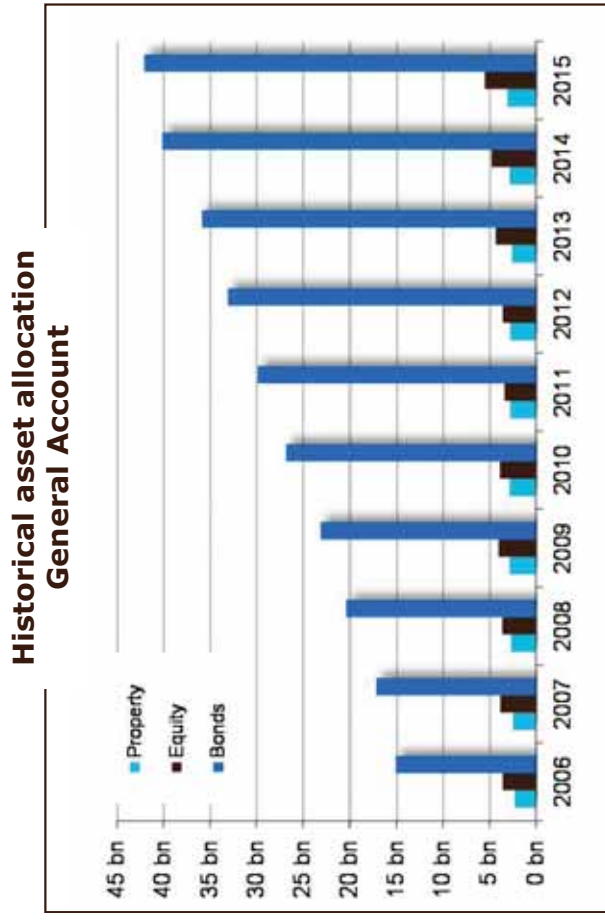
(*)including repo (sale and repurchase agreement)

Assets : global growth by +3.8%

- ✓ General account : +1.6%
- ✓ Unit linked : + 10.8%

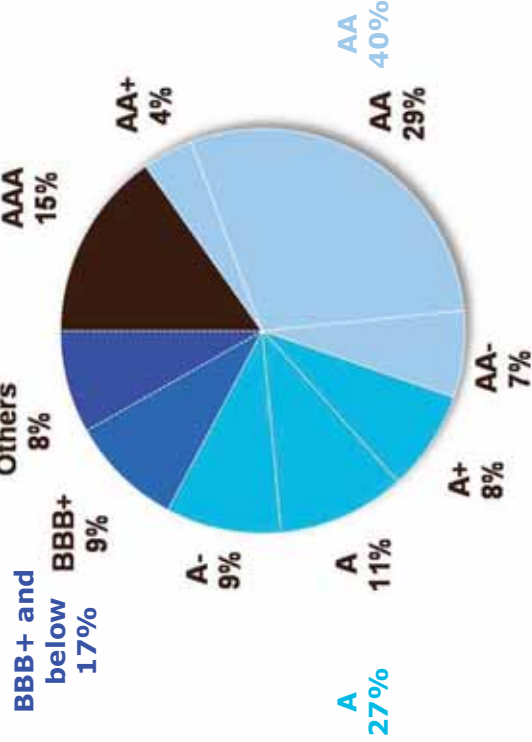
Assets under management have grown significantly over the last decade at an average annual growth rate of **+10%** since 2006

Bonds represent 83% of General account in 2015 vs 72% in 2006



Bonds – Low risk asset allocation

Credit Exposure by Credit Rating

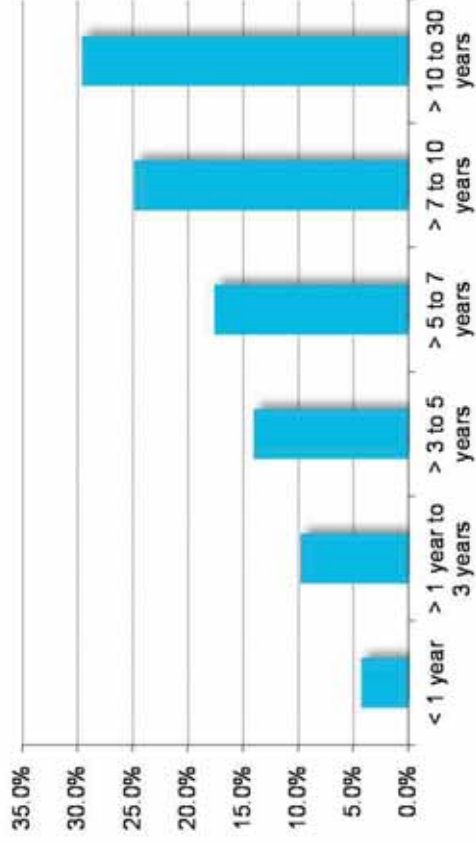


Total Bond exposure is at 50.3 €bn
(excluding mutual funds and repo)

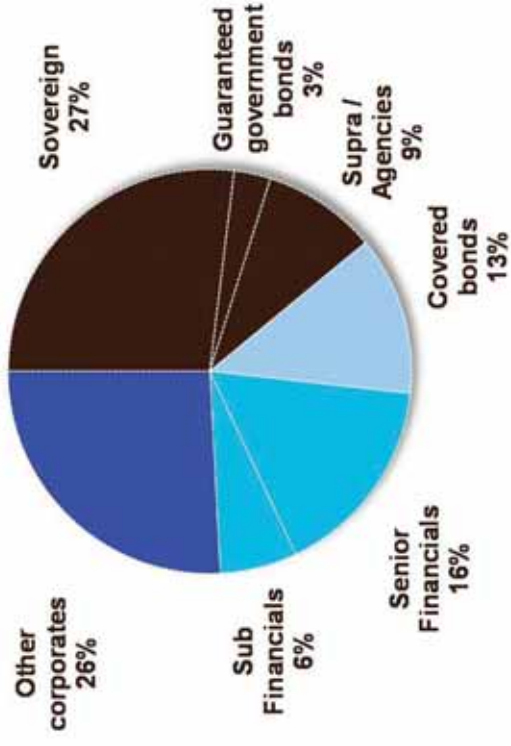
Limited exposure to risky investments with as less than 17% of the investments currently rated BBB+ or below

An estimated 15-year liabilities duration is a key strategic element of our asset management policy

Portfolio by maturity band

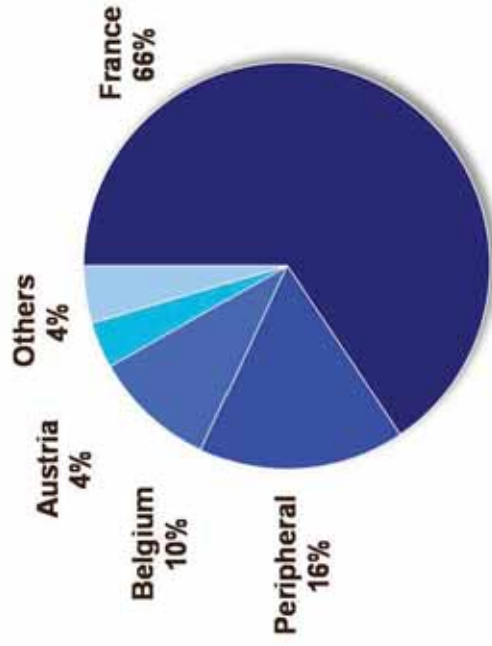


Credit Exposure by Issuer Type



Bonds – Sovereign exposure

Sovereign bond exposure

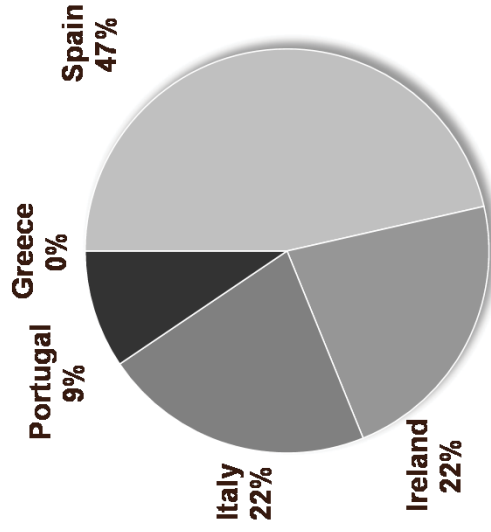


Total Sovereign exposure is at 13.5 €bn

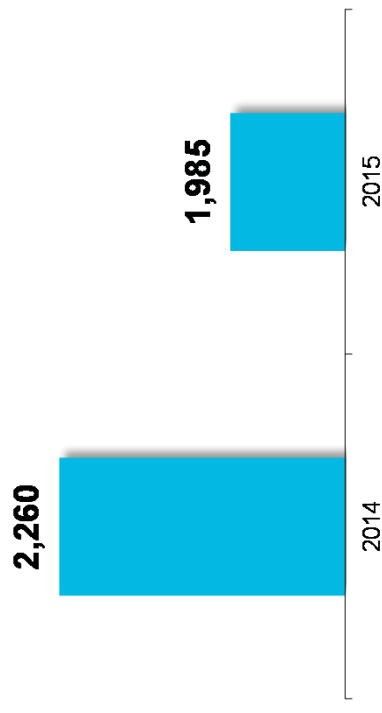
Sovereign exposure is less than 27% of total bonds exposure

Peripheral countries exposure is 16% of this sovereign bucket, hence only 4.4% of the total investments

Peripheral countries exposure

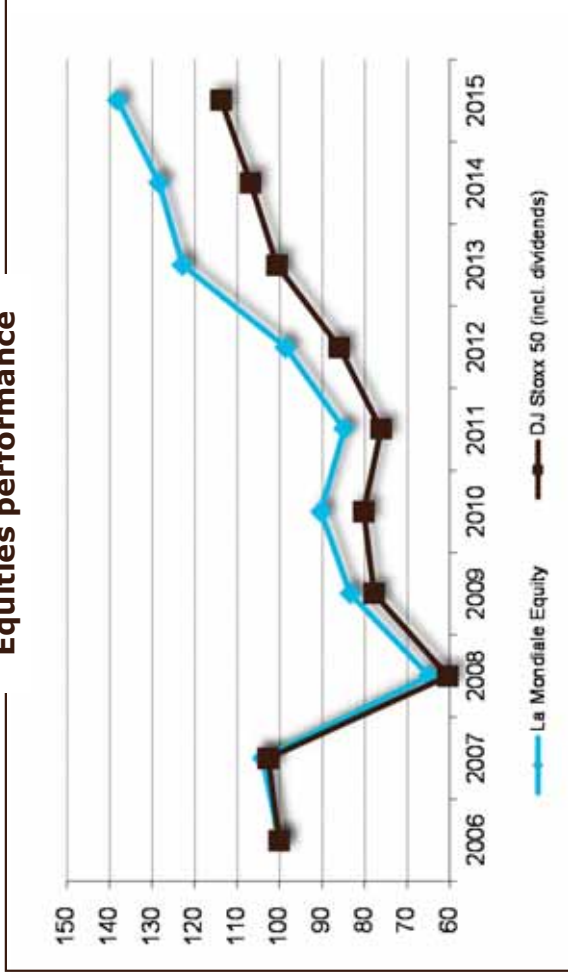


Unrealised capital gains (in €mn)



Equities – Long term performance

Equities performance



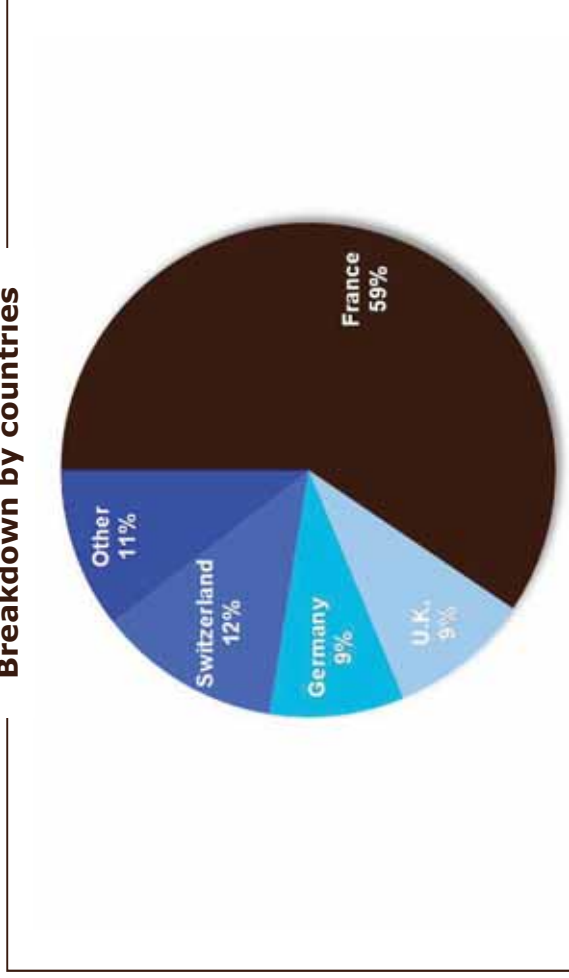
Total Equities exposure is 5.2 €bn, including 1,1 €bn through mutual funds

2015 performance at 7.6%, after 4.5% performance in 2014.

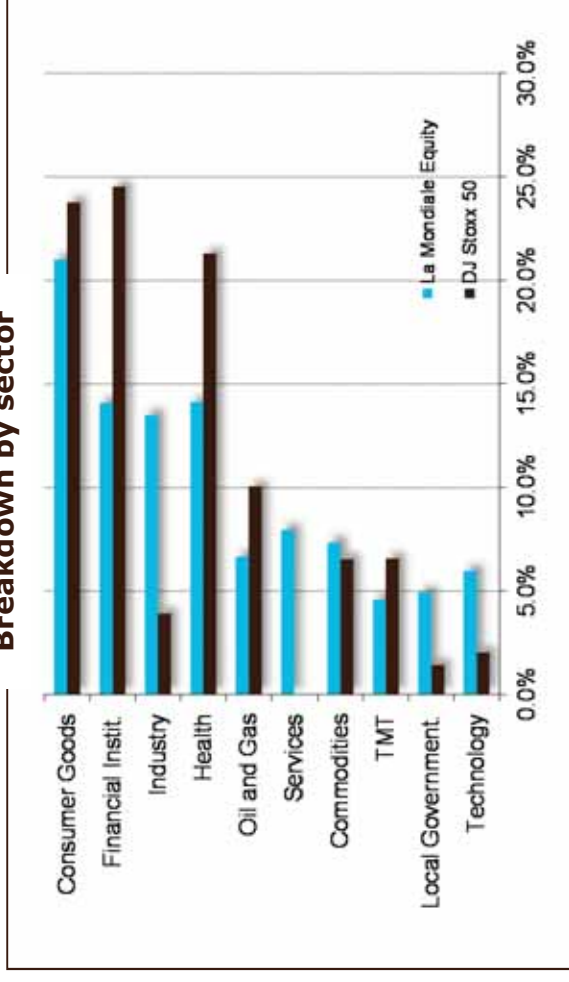
An Equity portfolio well diversified by geography and sector

A focus on large liquid Equity stocks traded on the main exchange markets

Breakdown by countries

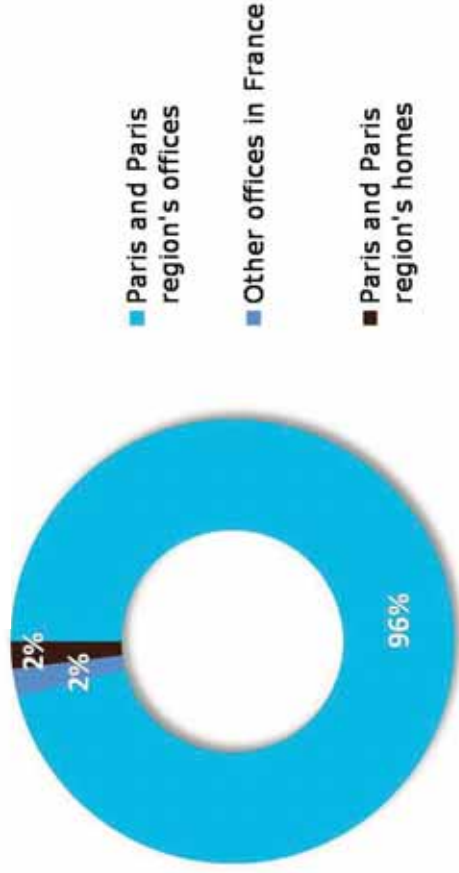


Breakdown by sector



Property – Resilient return

Geographic breakdown
(market value)



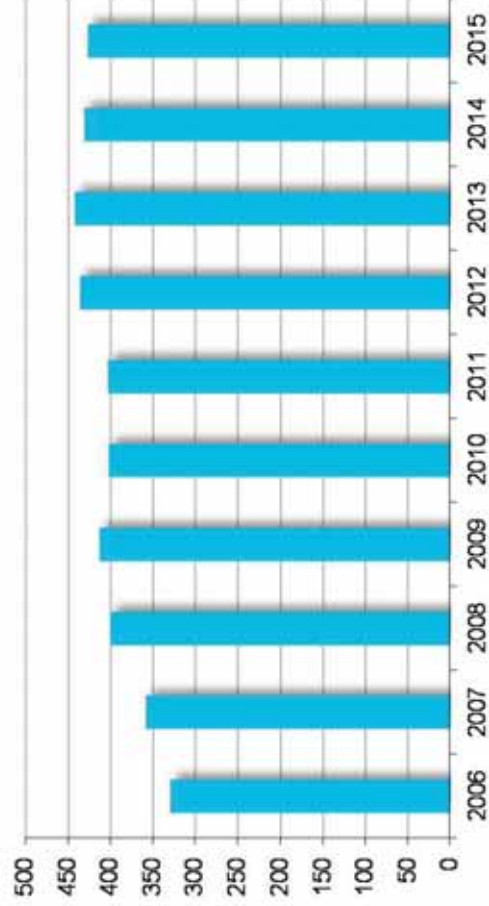
Total Property exposure is at 2.7 €bn
(fair value : 3.6 €bn)

La Mondiale property assets represent 471,000.00 sq.m. and are mainly offices located in the center of or in Western Paris, i.e. only Prime Real Estate

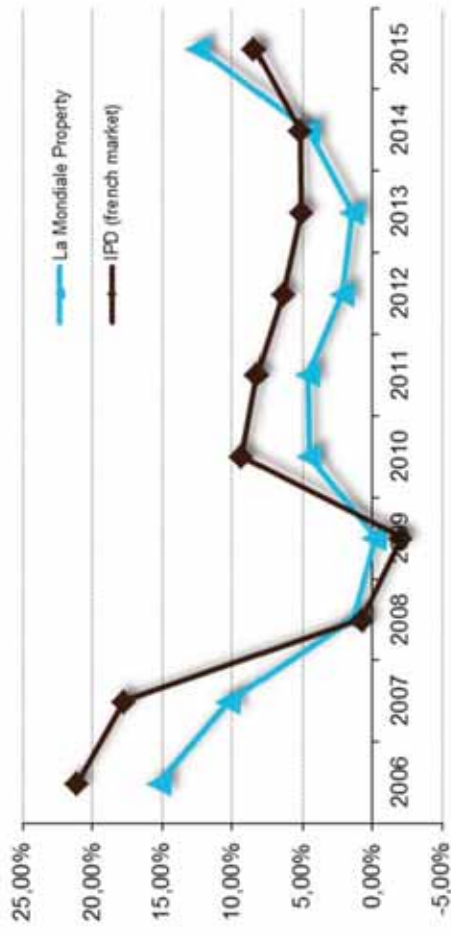
Rental yields largely outperforms the fixed income markets even though they have been trending slightly downwards recently

After underperformance due to asset restructuring, La Mondiale portfolio is significantly above the benchmark

Annual revenue (€ per sq.m)



Total performance



SOLVENCY FIGURES

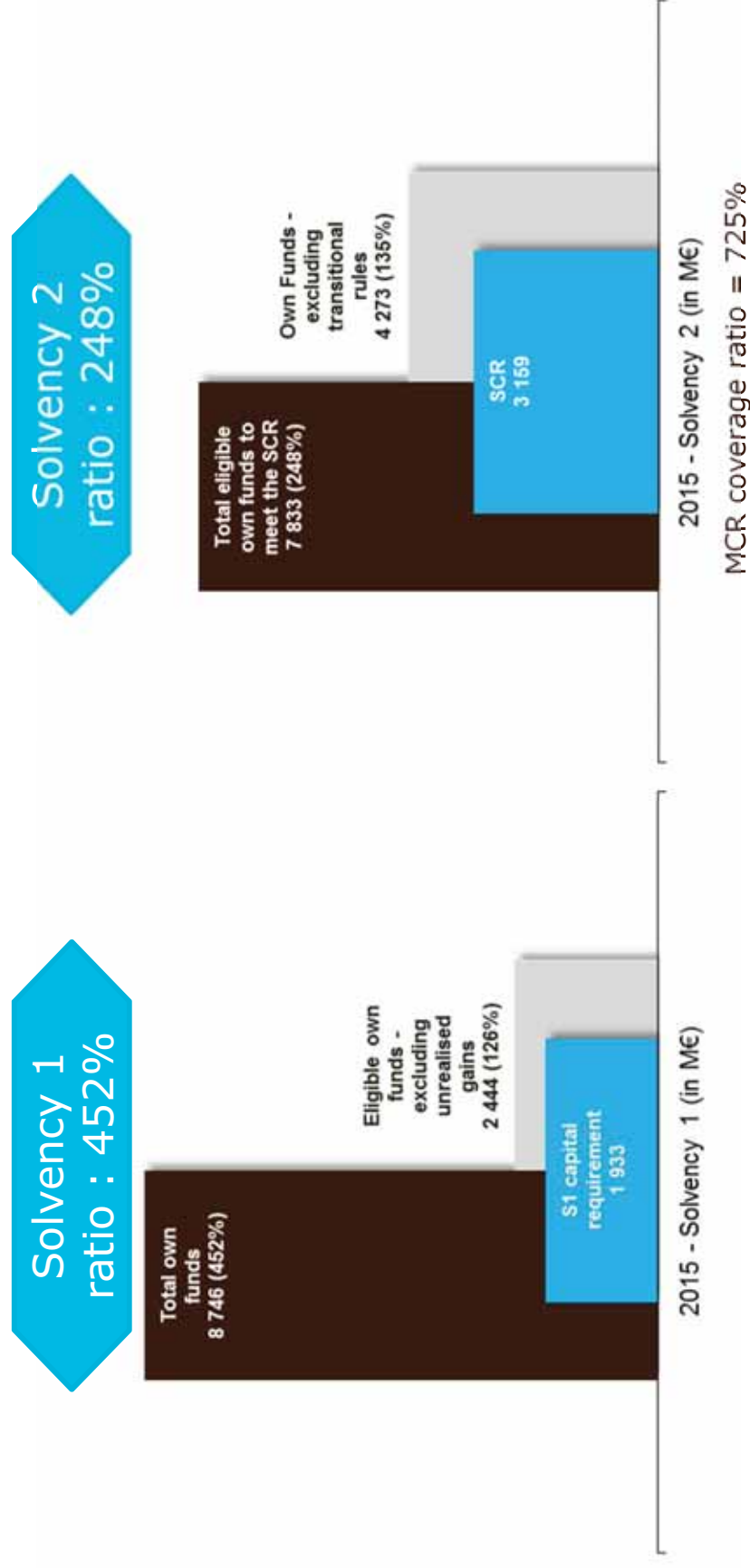


SGAM & La Mondiale (solo) – 2015 Solvency Figures

	SGAM	La Mondiale (solo)
S1 ratio	285%	452%
S2 ratio	196%	248%
S2 ratio – excluding transitional rules	120%	135%
Part of Tier 1 in Own Funds	98%	98%
Part of Tier 1 covering SCR	192%	242%
Market risk part	82%	83%



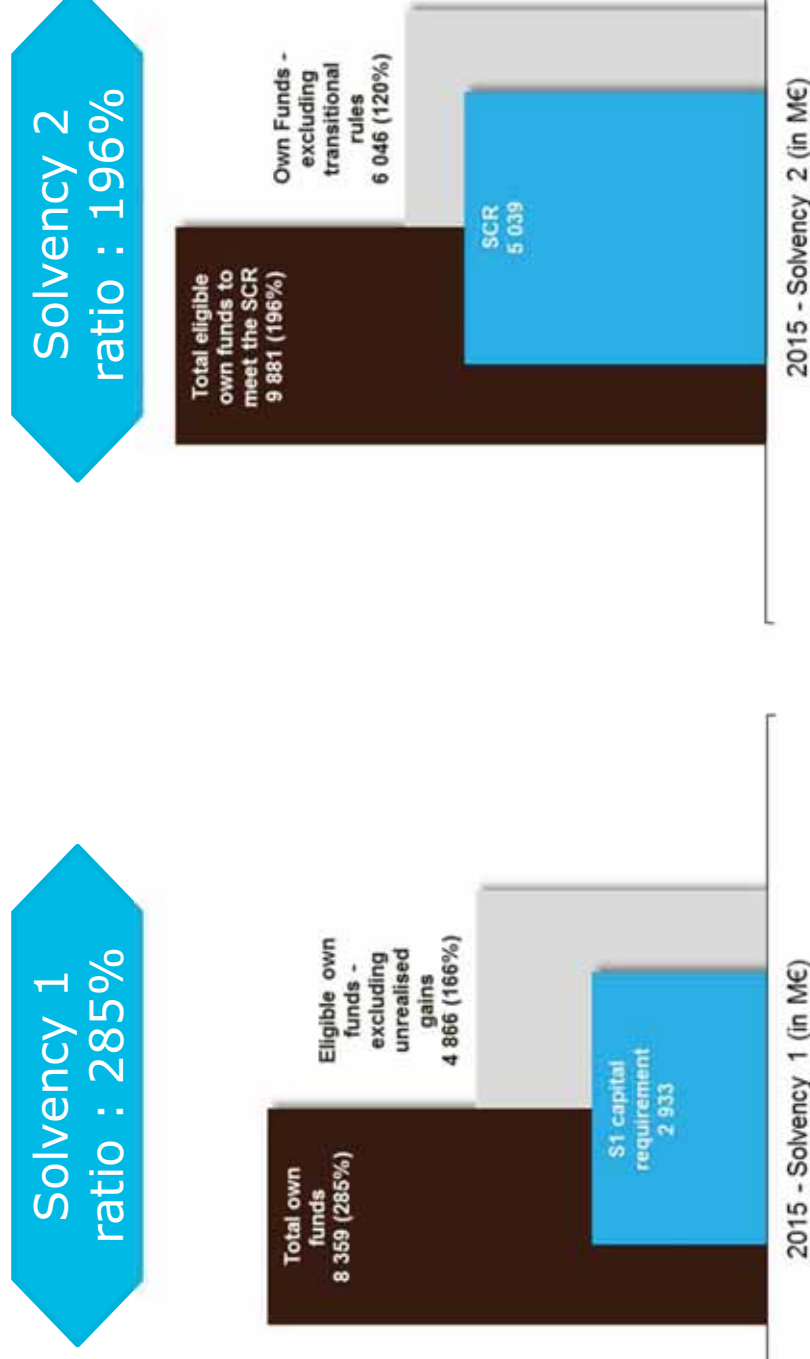
2015 Solvency ratios of La Mondiale (solo)



The 2015 year end Solvency 2 ratio of La Mondiale, which is the trigger for the coupons payment, is almost 2.5 times the regulatory minimum (248%). Excluding transitional rules, the ratio is 135%.



2015 Solvency ratios of SGAM AG2R LA MONDIALE

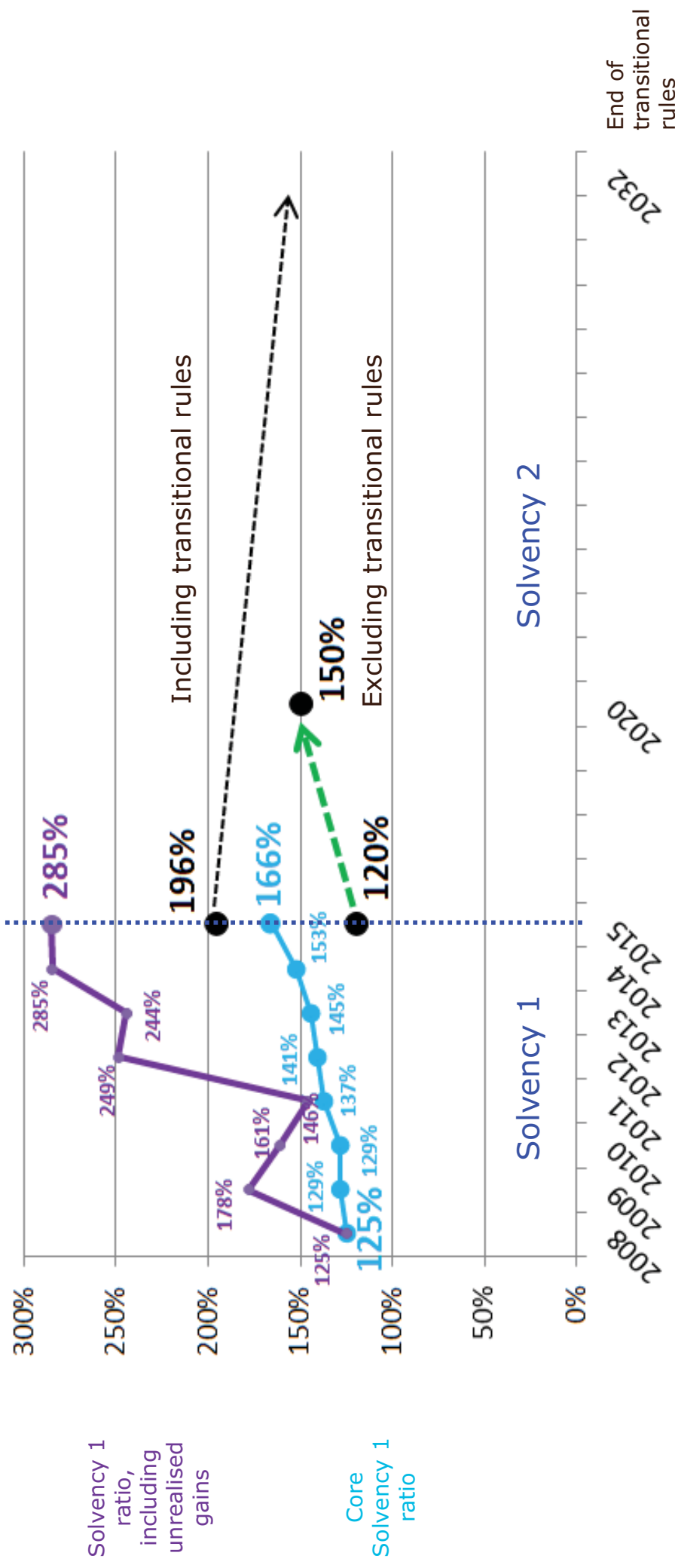


The 2015 year end Solvency 2 ratio of SGAM AG2R LA MONDIALE is almost twice the regulatory minimum (196%) . Excluding transitional rules, the ratio is 120%.

From Solvency 1 to Solvency 2, eligible own funds increase by more than 1.2 billion euros, representing the future profits of SGAM AG2R LA MONDIALE.



AG2R LA MONDIALE Solvency 2 datas



AG2R LA MONDIALE intends to reach a target of 150% with the Standard Formula and excluding technical reserves transitional rules by 2020. The means therefore are clear and available, in particular through margins increases. The time given by transitional rules allows AG2R LA MONDIALE to achieve it paying due respect to the expectations of all its stakeholders, clients or investors, as has already been done between 2008 and 2015.



1/ Measures contemplated for increasing Solvency ratios, in the medium term

- At the end of 2016, AG2R LA MONDIALE intends to issue to its policyholders « Certificats Mutualistes », which is a new Tier 1 capital instrument. The mid-term target is to issue hundred millions euros of additional capital (impact of 500 M€ is 10 more points on the Sgam solvency ratio).
- The discretionary benefits rates on life and pension contracts will also be redefined to increase company's margins. The estimated impact could be between 10 and 20 more points of solvency by the end of 2017.
- Business mix will also be adapted to limit guarantees requiring a high level of capital, for example by writing all the new general account products with a guaranteed rate of 0% gross (before loadings), and to focus on unit linked contracts and the new "euro croissance" contracts.
- Regarding the protection business, AG2R LA MONDIALE will continue to reduce the loss ratios to strengthen its margins.
- Asset allocation could also be reviewed, if needed, to reduce the capital requirement (for example by reducing the equity part or by reviewing the bond portfolio duration).



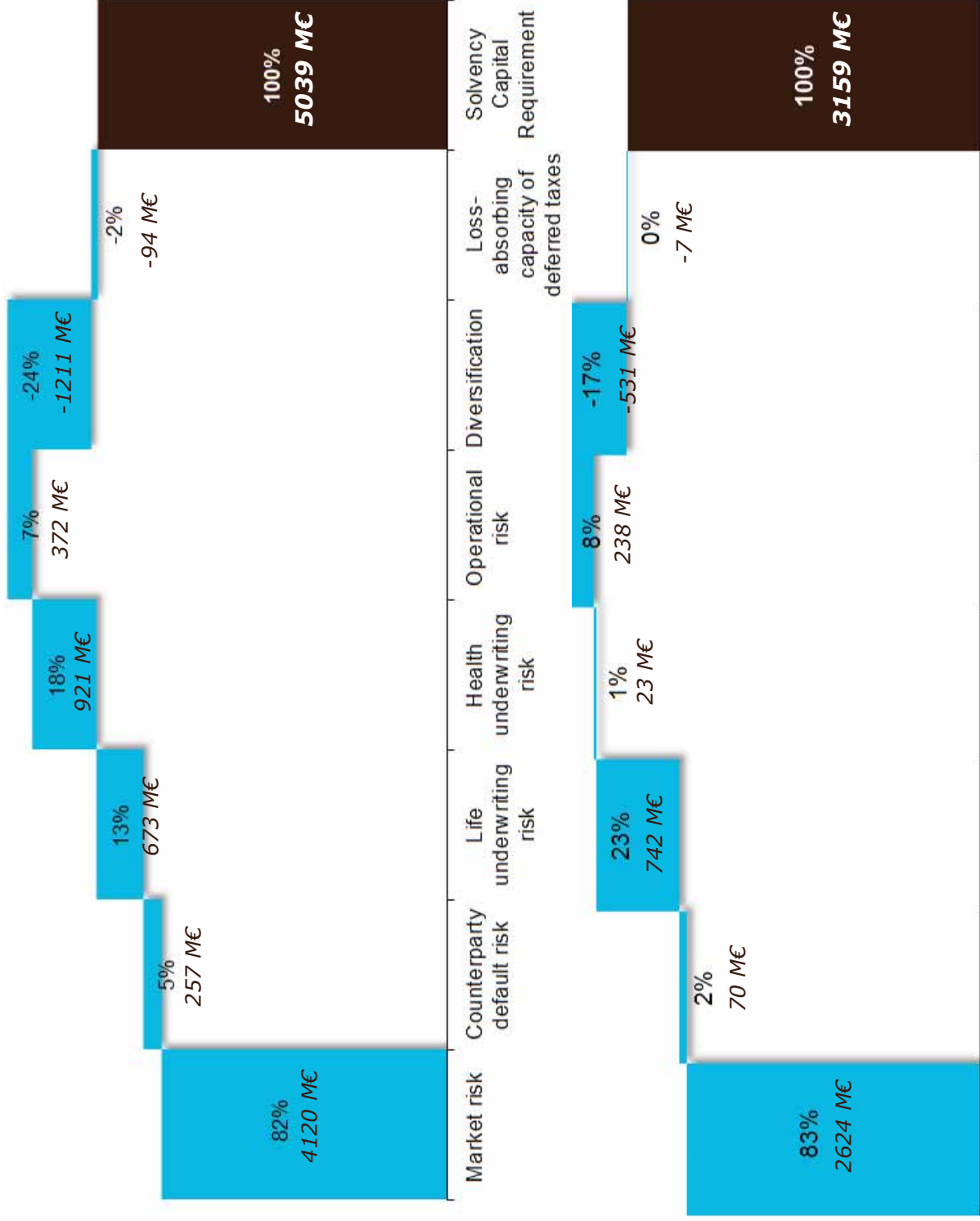
2/ On the pension business, a new opportunity : creation of a French Pension Scheme (FRPS)

- The capital requirement of AG2R LA MONDIALE increases by 2 billion euros from Solvency 1 to Solvency 2. This is mainly due to the important part in its activity of the pension business (34% of the technical reserves), whose duration specificities are not taken into account by the Solvency 2 Standard Formula.
- In other European Countries, the impact of Solvency 2 on pension risks is different. The pension business of LA MONDIALE is actually very similar to businesses proposed by Pension Funds that comply with the IORP Directive whose Capital Requirement is lower than by S2.
- The French Government, aware of this discrepancy, is currently proposing to the Parliament to create French Pension Funds (FRPS, *Fonds de Retraite Professionnelle Supplémentaire*) that would comply also with the IORP Directive.
- The new regulatory framework should be finalized beginning of 2017, allowing AG2R LA MONDIALE to create a FRPS in the first half of 2018.
- A positive impact of 30 points or more on the Solvency 2 ratio of SGAM AG2R LA MONDIALE is anticipated.



Annex 1 - SGAM et La Mondiale (solo) - SCR by risks

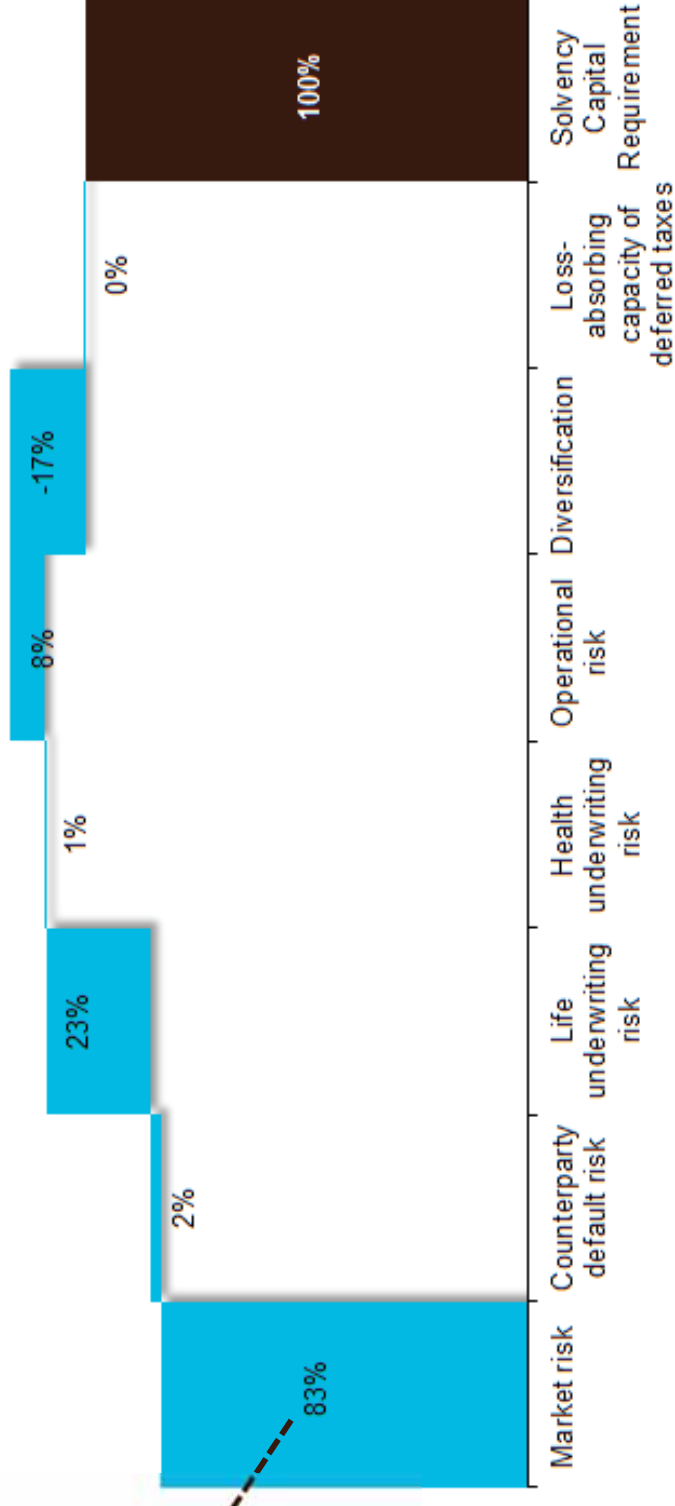
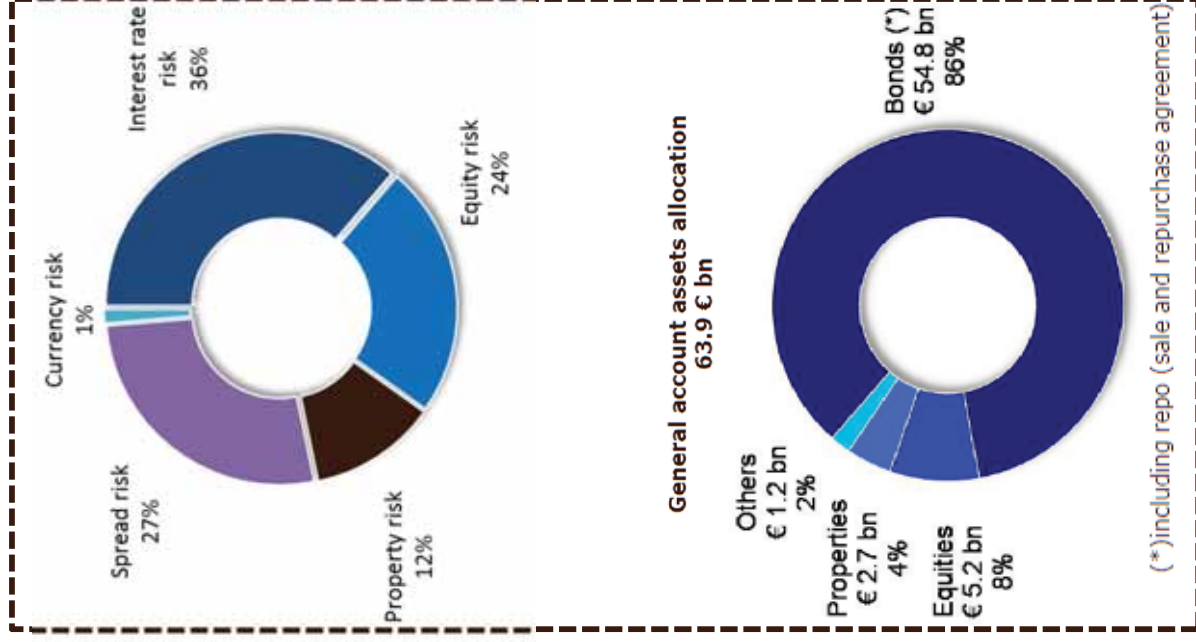
La Mondiale contributes to roughly 60% of Sgam risk profile, and to 70% of its own funds



La Mondiale risk profile

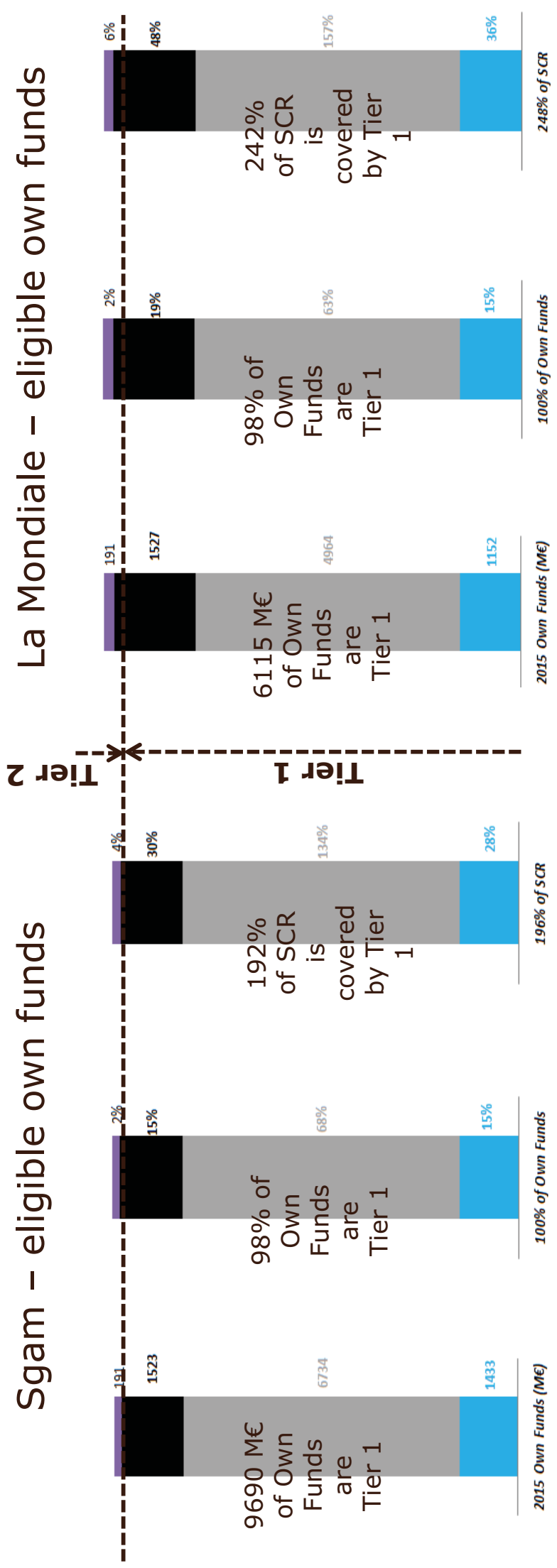


Annex 2 – La Mondiale (solo) – Focus on Market Risk



Market risk is the main one in Sgam risk profile. Setting up a FRPS and, if needed, reviewing asset allocation could lower its part.

Annex 3 - SGAM et La Mondiale (solo) – Mainly T1 eligible own funds



SGAM and La Mondiale have the same Tiering profile, mainly Tier 1 own funds.

- Subordinated liabilities (T2)
- Subordinated liabilities (restricted T1)
- Reconciliation reserve
- FP base



APPENDIX



Overview of La Mondiale Balance sheet

€mio	FY 2013	FY 2014	FY 2015	FY 2015/ FY 2014	%Change
TOTAL ASSETS	73,257	85,294	88,719		+4.0%
Intangible assets	57	51	68		+32.3%
ow. Goodwill	42	40	56		+38.4%
Insurance investments	52,818	62,895	63,898		+1.6%
Unit Linked investments	17,426	19,276	21,360		+10.8%
Others assets	2,587	2,857	3,096		+8.4%
Cash and cash equivalent	370	215	298		+38.6%

€mio	FY 2013	FY 2014	FY 2015	FY 2015/ FY 2014	%Change
TOTAL LIABILITIES	73,257	85,294	88,719		+4.0%
Equity Group Share	2,575	2,971	3,104		+4.5%
Minority Interests	323	370	9		-97.4%
Total Equity	2,898	3,341	3,114		-6.8%
Financing debt	855	1,543	1,599		+3.7%
Insurance and financial liabilities	64,278	74,346	77,685		+4.5%
Other liabilities	5,225	6,065	6,321		+4.2%



Overview of La Mondiale P&L account

€mio	FY 2013	FY 2014	FY 2015	FY 2015/ FY 2014	%Change
Revenue	6,752	7,870	6,790		-13.7%
Financial Products	2,322	2,473	3,431		+38.7%
Others	1,773	1,959	798		-59.3%
Current operating income	10,847	12,302	11,018		-10.4%
Current operating expenses	-10,470	-11,918	-10,653		-10.6%
Operating Income	377	384	365		-5.0%
CONSOLIDATED NET RESULT	222	260	251		-3.5%
<i>o.w Group share</i>	199	234	251		+7.2%
<i>o.w Minority Interest</i>	23	26	0		-99.4%



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